THE FUTURE OF SOUTH AMERICA

ROGER W. BABSON

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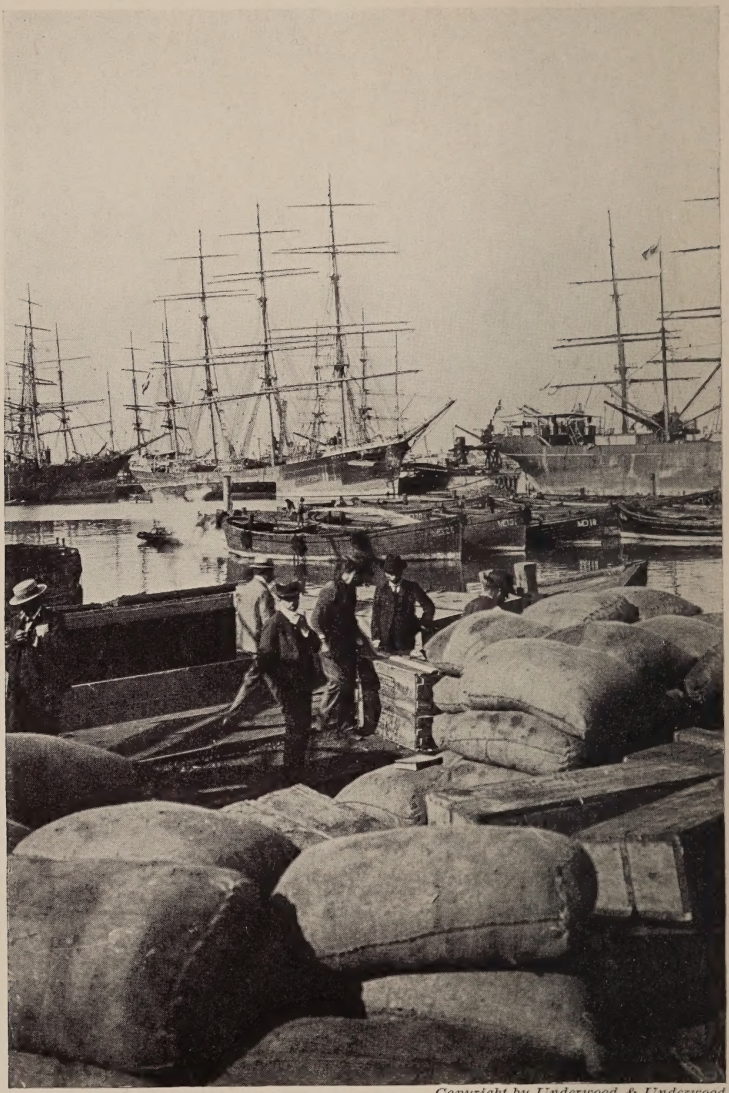

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AMERICAN GOODS IN THE HARBOR OF CALLAO, PERU
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THE FUTURE OF SOUTH AMERICA

BY

ROGER W. BABSON

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DEDICATED

TO

CHARLES H. GATES

PREFACE

Owing to the many exceedingly useful books on Latin America already published, I hesitate somewhat in preparing another. Most if not all of the books now issued, however, are written either for the traveler or the historian, without special appeal to commercial and industrial interests. In view of this I have, during the past few years, been systematically collecting information regarding Latin America which should be of service to those looking at this continent from a money-making, rather than from an historical, point of view.

Although I have personally visited most of the countries of South America, I do not pose as a traveler. My visits have been short, on strictly business missions, and some of the cities about which I have written pages I have been in but a short time. Therefore I do not attempt to compete with the seasoned traveler nor the man who has spent many years in these southern republics.

On the other hand, experience with statistics has taught me that often the man who sees countries at a distance, one in comparison with another, gets a truer perspective than one who has spent his life in a given spot. Hence, I believe that this book will be of great service to men who are looking for real opportunities and who are comparing in their own minds Latin-

American opportunities with those in other parts of the world. I have tried to be neither pessimistic nor optimistic regarding these countries to the south of us, but to tell in a simple and frank manner what statistics show the future of these countries is to be, for, after all, it is the future in which we are interested, and not the present or the past.

In conclusion, I wish to express my deep appreciation to the presidents and other officials of these various countries who were so kind to me, to the ambassadors and ministers, representing both our own country and South America, and especially to Mr. John Barrett and our commercial attachés and consuls. Certainly we all owe a great debt of gratitude to these men who represent us in strange and distant lands. May we do more for them and may we show our appreciation in more substantial ways than this.

R. W. B.

June, 1915.

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by Roger W. Babson
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Railroads : Submarine Telegraph Lines :
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0 50 100 200 300
STATUTE MILES TO ONE INCH
SCALE OF KILOMETERS
0 25 50 100 150 200 400
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CARIBBEAN SEA
ATLANTIC OCEAN
GREAT ANTILLES
LESSER ANTILLES
BAHAMA ISLANDS
FLORIDA
CUBA
JAMAICA (British)
HAITI
SANTO DOMINGO
PORTO RICO
HONDURAS
NICARAGUA
COSTA RICA
PANAMA
COLOMBIA
VENEZUELA
SOUTH AMERICA
PACIFIC OCEAN
Tampa
Key West
Straits of Florida
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Mona Passage
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Valencia
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Bluefields
Port Limon
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Bocas del Toro
Mosquito Gulf
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Serranilla Bank
Roncador Bank
Quita Sueño Bank
Pedro Bank
Rosalind Bank
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Acklin I.
Long I.
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Cat Island
Eleuthera
Andros
Great Bahama
Great Abaco
Little Abaco
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Jupiter
Charlotte Harbor
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Fort Myers
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Cape Sable
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Gasper Key
Pinar del Rio
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Port de Paix
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Inagua I.
Great Inagua I.
Matthew Town
Grand Turk (Cockburn)
Grand Turk I.
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Costa Rica
Panama
Colombia
Venezuela
South America
Pacific Ocean
Gulf of Darien
Bay of Panama
Panama

THE FUTURE OF SOUTH AMERICA

CHAPTER I

The Problem of South America

However much one may read about a continent or even a single country, it is impossible to get the whole story. The all-important atmosphere of a place can be obtained and understood only by a personal visit, and even then only after careful study. For some years I have been methodically studying South America, and have now reached definite conclusions about its possibilities and some of the difficulties which present themselves in establishing trade relations with the people of Latin America.

We show great ignorance in speaking of South America as a unit. It is too large and varied to refer to in any such term. Even one country — Brazil — is larger than the United States, and its coast line would stretch from Boston to Liverpool. Yet there are ten different nations in South America — not counting the Guianas.

The various parts of the country present distinct problems and possibilities. The table-lands of the north, which include Venezuela and Colombia, are beautiful, but their utilization is a matter of the future. Their good lands are inaccessible, and until means of travel are developed, it will not be practicable for us or our children to use these lands and raise

cattle, coffee, and the like. Excepting for a few cities, the prospects of trade in the north are slight and may be forgotten for the moment.

The west coast, including Ecuador, Peru, and northern Chile, is rich in minerals and nitrates, but the agricultural possibilities depend upon irrigation. Considering the vast unused areas in other districts which do not need irrigation, it is obvious that this stretch of country must wait. Hence, with the exception of Lima, Antofagasta, and two or three other cities, the west coast, north of Valparaiso, may now be ignored for sales opportunities. This is especially true so long as the present sanitary and political conditions exist.

Valparaiso and Santiago are good cities. Valparaiso, next to San Francisco, is the largest western port on the Pacific Ocean. Although a breakwater is under construction, the harbor is now only an open roadstead, and ships must go out to sea when certain storms arise. Moreover, the city is built on the side of a mountain, which together with the prospects of earthquakes makes building rather unattractive. Santiago, situated less than one hundred miles inland, is an especially pleasing city. These two places combined offer a good market for our goods.

The south of Chile is a fine country — fertile, rich in timber, and with some coal. There are also good rivers suitable for both irrigation and water power. But with all these advantages combined, there is not a great total. The valley is less than one hundred miles wide, and the southernmost part is fit only for sheep raising.

The east coast of South America is another story. Every inch of it is fertile, and its vastness surpasses

comprehension. A large part of the east coast is low and humid; the south is too wet and the north is too hot. There are insects of all sizes and varieties, and snakes of known and unknown kinds. The natives vary from the high-grade Argentine scholar to the naked, savage Brazilian Indian. However, with all these difficulties, I am a great believer in the east coast of South America, not only for our children and grandchildren, but for the present generation. The section from Bahia Blanca, Argentina, to Rio de Janeiro, Brazil (fifteen hundred miles), extending about four hundred miles westward, is a gold mine. It is a tract as large as all of our country east of the Mississippi, and is worthy of careful study.

This area includes the best part of Argentina, the whole of Uruguay, most of Paraguay, and the southern part of Brazil. Argentina is the wonder of America. Its farms are beyond description, its cities are the most active imaginable. It should become a great customer for our goods. Uruguay is a small country, but very much alive. Paraguay is rich in timber and cattle lands, and as it is inhabited only by Indians, the lands are very, very cheap. These countries to-day have little manufacturing to speak of, and as for years to come they will be great exporters of grain, cattle, and their by-products, they will also be great importers of manufactured goods. Every live United States manufacturer should have branches in this section, for it is on the verge of a great awakening.

In this section I also include southern Brazil, which is my favorite land of all, so far as climate goes. Here is a section eight hundred miles long and four hundred miles wide, situated on a high plateau. It is healthy,

cool, and compares favorably with any section of any land. It is the southern California of South America. São Paulo is its capital and is also the center of the manufacturing industry of South America, with textile mills, shoe factories, and other plants. It is now a city of about four hundred thousand people and will soon have one million inhabitants.

The only safe way to invest money or to sell goods in South America is to arrange to have some person in whom you have confidence go there and live. There is nothing in flying trips and long-distance control. If the people of the United States hope to do anything permanent in South America, they must adopt the German apprentice system, under which the best young men go to foreign fields for periods of ten or more years, often marrying native women and sometimes settling down there for life. Our hasty methods have already made us looked down upon as "four-flushers and bluffers." We ought either to stop talking about South America, or send our young men down there to stay and solve the problems seriously, as do the young men of Germany and England.

Concerning the great resources of South America, I am fully convinced. Concerning the great opportunities there, I have no doubts. The only question which troubles me is whether or not we — a democratic people with a democratic form of government — can develop a successful foreign trade under present conditions, when force rules the world. The English have developed great foreign trade at the point of their guns. The Germans have developed great foreign trade through subsidies and trusts. The whole foreign trade game — as played to-day — is contrary to the fun-

damental principles of democracy. Considering that our government will probably become more rather than less democratic, and that the power of the masses will gradually become greater, while the influence of capital may consequently become less, what is the outlook for our foreign trade and investments? England and Germany have adopted "dollar diplomacy" accompanied by the "big stick." Will we? I think not.

There are two things which we must absolutely have to develop foreign trade with Latin America: protection for our investments abroad so that we can safely extend credits and start banks, and freedom from dependence on foreign ships, cables, and means of exchange.

There are, however, other problems connected with South America which one cannot understand fully until one has been there.

Until really studying the situation and the country for a long time, I had not realized the importance of the Spanish language to citizens of the United States. Practically all of our island possessions have come from Spain; our neighbors talk Spanish or English; and yet our schools are content to teach French and German. Spanish is to be a great world language, and it should be placed on a par, at least, in our schools with other languages, to prepare our children for the great Latin-American development which is sure to come.

What a great impetus it would give to industry in the United States if all labor organizations would realize that increased trade must come before increased wages can be maintained! Permanently to raise wages there must be an increased demand for labor,

more mills must be built, and more men employed. Thus the most fundamental work which labor organizations can do to bring about their ends is to further every plan for extending United States trade and selling United States goods throughout the world. For this reason the working people should favor the teaching of Spanish in our schools, the study of markets and products, and should indorse all appropriations for extending foreign trade. Our education is very provincial. The average boy leaving our public schools knows no language except English; he has not had a lesson in economics, while his knowledge of industrial history is nil.

I had always understood that care must be exercised when dealing in the money of South American countries, but until having actual experience, I had never realized how the currency of the different nations varies, and how much the currency of certain countries has depreciated. These facts were first really brought home to me in Peru. I had been taught that a *sol*, the name of the Peruvian dollar, is exactly one tenth of an English pound. Ten *soles* should, therefore, make a pound sterling, approximately $4.86 in gold. When, after considerable difficulty, I cashed an express check, I was considerably surprised at receiving twelve *soles*, while some of my companions did even better and received more.

In Bolivia, where the *boliviano*, as the Bolivian dollar is known, is supposed to be one twelfth of an English pound, one receives over sixteen *bolivianos* for a United States five-dollar gold piece. In Chile conditions are even worse. I received sixty-four dollars of Chilean paper for a ten-dollar gold piece.

The following table shows the relations of the money of ten South American nations:

Country	Name of dollar	Approximate theoretical value in United States money	Approximate value in United States gold in 1915
Bolivia	Boliviano	$0.41	$0.28–.32
Venezuela . .	Bolivia	.19	.18
Colombia . . .	Peso	.01	.009
Ecuador . . .	Sucre	.48	.45
Peru	Sol	.48	.44
Chile	Peso (paper)	.36 [1]	.15–.20
Argentina . .	Peso (paper)	.43	.42–.44
Brazil	Milreis	.54	.28–.32
Paraguay . . .	Peso	.09	.06
Uruguay . . .	Peso	1.03	1.00

[1] Theoretical; .22 is the better figure.

Panama and Cuba use United States money; Jamaica and the other English islands use English currency.

It will be seen that all these leading South American nations have entirely different monetary systems. Some, like Argentina, secure their systems by gold; others, like Peru, base theirs on silver; while still others, like Chile, simply issue paper currency when the government needs money and redeem this currency when the government has a surplus. In other words, the Chilean notes are simply non-interest-bearing bonds having uncertain security.

The money of these different countries should be standardized. The monetary systems of all the Latin-American countries should be on a gold basis, and the dollars of all countries should be on the same scale.

This does not mean that these different countries should have the same currency or be obliged to accept the currency of another country. I only say that their moneys should be based upon gold, and their dollars should be interchangeable or multiples.

Not only are the monetary systems of these countries at sixes and sevens, but most of them are directly or indirectly based upon the English pound sterling. Argentine five-dollar gold pieces are interchangeable with English sovereigns. In short, it is difficult today to find anything which the systems have in common, but the English pound is the nearest common denominator. So long as this state of affairs continues, it is discouraging to talk about "dollar exchange." The dollar of every country has a different value and none of them bears any fixed relation to our own dollar. Not only this, but the banks, controlled by the English and Germans, make their chief profit from buying and selling exchange. To substitute "dollar exchange" for sterling exchange might close up one half the banks in South America. I do not mean to suggest that "dollar exchange" is not possible and ideal. It is both, and such exchange is already in existence. I do say, however, that other things are now needed more and that "dollar exchange" will not become practicable until there are more United States banks in South America.

Like every unsophisticated North American, I had supposed that revolutions were at an end in South America. The bankers in New York and the diplomats at Washington have been assuring us for years that political conditions in South America are all settled, and that no more revolutions will occur. That

is also what they told us about Mexico. My trips to South America have taught me that the days of revolutions are not over. I had also been fooled by the South American use of the term "Republic." Many of these South American countries are controlled in a way which I do not care to describe. The elections are a farce in many instances, and the best men are usually outright dictators. In fact, with their present methods of elections, I fail to see how a change in administration can be brought about there except through a revolution. Up to the present time, these revolutions have not been harmful to foreign interests, but the foreigners think they are compelled to pay graft to live.

In conclusion, I want to add that the people of the United States are not getting the truth about Latin America. Only the good news is sent out. Still I am not bearish on Latin America; I believe that it offers great opportunities to manufacturers, merchants, and investors of the United States, but I do want my readers to proceed with their eyes open.

CHAPTER II

Cuba

The first surprise one always gets when entering the harbor of Havana (or Habana, as the Cubans spell it) is the architecture of the island. We are apt to think of Cuba as new territory and of Havana, Santiago, and Matanzas as "coming cities." When we go to Spain, we expect to see low stone houses, with red-tiled roofs and pink or blue walls. We do not, however, think of seeing a quaint Spanish city within three days' sail from New York.

"How strange and picturesque everything looks!" remarked one of a group of American business men, as we steamed into the beautiful harbor of Havana and passed the famous Morro Castle. "We did not expect to see such old Spanish architecture down here. Why, one would think we were entering the old port of Cadiz, Spain, or passing along the coast of Italy!"

Yes, this group of American millionaires, owners of great mills in the United States — men who are the heads of great corporations — had never before realized that Cuba is almost as old as Spain itself! In fact, Cuba is simply "Little Spain," while Havana and the other Cuban cities are as truly Spanish as are the ancient towns of the old world, about which Columbus wandered when a boy.

I repeat these remarks because they illustrate better

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HAVANA HARBOR FROM MORRO CASTLE

than anything why the United States does not do more business in Cuba. The truth is that the American people do not know Cuba. The American business man and the manufacturers don't know Cuba. Turn to the average book about the island, and you will find little to show that Cuba is a quaint old land with queer, set customs. No, our manufacturers and business men think of Cuba as a "new possession," a new island which has just come up from the bottom of the sea, or as a territory like Oklahoma which has recently been opened for settlement. When we learn to treat the Spanish business men of Cuba with the respect and consideration to which they are entitled by history and position, then our trade relations will change for the better.

And the trade of Cuba is worth getting, for it is the most important country of Central America or the West Indies, the largest inhabited island in the Western Hemisphere, and has a history dating back to the time of Columbus. It is nearer to the United States than any southern country except Mexico, and probably has a more stable government. The average person does not realize that the island is over seven hundred and fifty miles long, with a population of fifty-four to the square mile, as compared with five to the square mile in the average South American country. Certainly most business men do not realize that the trade of Cuba per capita is greater than that of any other country in North and South America except the Argentine Republic. In a recent year, the commerce per inhabitant for Argentina was $108; for Cuba, $100; Canada, $97; Chile, $65; United States, $33; Brazil, $23; and Mexico, $17.

Cuba was discovered by Columbus in 1492, and its occupation by the Spaniards was practically continuous until 1898. The one exception was in 1762, when Havana was taken by the English and held for a few months. It cost the American colonies of Great Britain sixteen million dollars, and thirty thousand lives, to acquire Cuba at that time, but in the next year it was exchanged for Florida. The Spaniards found an Indian population of about a million, but the natives soon perished, and negro slaves were imported to take their places in the working of mines and plantations.

In 1848 President Polk authorized the American minister to Spain to offer one hundred million dollars for the island, but this offer was refused. The revolution of 1868 in Spain afforded an opportunity for an outbreak in Cuba, and a civil war developed which lasted until 1878. This was the "Ten Years' War" which ravaged the whole island and was terminated by a treaty — "The Peace of Sanjon."

Important reforms promised by Spain were never carried out, so another revolution was organized in 1895, and conditions became so bad that the United States intervened. The campaign which ensued was short; the Spaniards were vanquished, and the island turned over to the Cubans under the protection of the United States Government. In 1902 the new Cuban Republic was placed in absolute control, and since then, with the exception of 1907, when the United States felt called upon to intervene, the Cubans have enjoyed their own government.

The failure of our business men to grasp the geographical and historical significance of Cuba is one

reason why the Cubans do not trade with us, but there is another: the tradesmen of Cuba dislike us. One of the leading merchants of Havana told me frankly that he would buy from English and German manufacturers rather than from those in the United States, prices being equal.

This aroused my curiosity, and the next day I went back to see him, and after talking of general matters (one should not be so rude with a Latin-American as to start right in by talking business) I asked, "Why is it that the people of Cuba do not love us?"

"That question is asked me by almost every man whom I meet from your country," he said. "Because you sent a few soldiers over here and helped us whip the Spaniards when we already had them about whipped, is not all of the story. You must remember that we had been fighting them for nearly fifty years, and that we feel that it was rather revenge for the blowing up of the Maine that brought you into the war than any love for us. However, we'll be generous and give you the benefit of the doubt. But how about your tariff legislation?

"You have harmed us more with your iniquitous tariff legislation than you helped us with your glorious Spanish War. For two centuries the people of this island devoted their strength and capital to developing the sugar industry. The nations of the world owe all they know about sugar to this little island. The life of our trade, the value of our land, the employment of our people, and the prosperity of all of us were founded upon the sugar industry. Moreover, in spite of all our troubles and abuses under Spanish rule, we had built up a great industry, and our people were fairly well off

and contented. The very fact that we were able to fight the Spanish as we did was evidence of our prosperity.

"Our success became the envy of some people in your country. Some of these men were honest plantation owners in Mississippi, Louisiana, and other southern States; others were land speculators and promoters in Utah and your western States. They were determined to control the sugar industry.

"We hold nothing against your people for such ambitions. You had every right to develop sugar plantations and compete with us in your markets, but you should not have used an unjust tariff to accomplish such a result. You should have fought a fair fight, relying upon your brains, capital, soil, and industry as your weapons. You were already on the ground, and this gave you an advantage at the start. Why should not your people have been satisfied with these advantages without attempting to resort to unjust tariffs? But no, you were in too great a hurry. You were not content to grow slowly and fairly. You wished to become great producers of sugar at once, even although it ruined us. Do you call that brotherly love?

"And ruin us you did. For a long time after the enactment of this law, we suffered tremendously. In fact, we have never recovered. When the European War broke out in 1914, sugar was very low, and the industry greatly depressed. Great plantations which represent years of labor are still lying idle — all because of your selfishness and hurry in endeavoring to create a sugar industry too quickly.

"If you had been content with limiting your imports of sugar to their former figures and had even created

legislation so that the increased consumption would have gone to your own planters, we would not have complained. But you not only demanded the benefit of your increased growth, but also stole from us by unjust means the industry which we had so laboriously developed."

I have quoted my Cuban friend at length because his remarks bring out a fundamental fact which is at the bottom of all our foreign trade relations. Before the United States can get the good will of Cuba and the rest of the islands in the West Indies, we must revise, not so much the tariff, as our tariff principles. We must recognize that although we have the right to encourage home industries, we have no right to ruin the industries of other nations. I am not pleading for free trade. So long as other nations erect tariff walls, perhaps we must do the same. But should we erect tariffs against nations which have not tariffs against us? I am not pleading even for general tariff reductions. Where foreign nations have built up industries with our present tariffs in existence, there may be no reason why we should lower them. But after a foreign nation has created an industry with the understanding that our tariff is to be a certain amount, should we increase it without the consent of some international representative commission?

It was with the same thought in mind that a member of the Cuban Congress once said to me:

"What kind of hypocrites have you in the United States that pray on Sunday for world peace and then on Monday talk about capturing the trade of other nations and the need of higher tariffs?"

But to return to the geography of Cuba, which one

should know before an accurate idea of the trade conditions can be gained. Cuba is really a great garden lying ninety miles east of Key West, Florida. The island is seven hundred and eighty miles long and varies in width from twenty to a hundred miles. It has two thousand miles of coast line and a total area of about forty-five thousand square miles. With the exception of the northern part of Maine, which to-day is practically uninhabited, Cuba is as large as the whole of New England put together. The State of Massachusetts has about one fifth the area of Cuba; Vermont and New Hampshire about one fourth, while Rhode Island has only about one twentieth of Cuba's area. Before one visits Cuba, he has little impression of the size of the island. I had not realized that it takes twenty-four hours by train or forty-eight hours by steamer to go from Havana to Santiago on the other side of Cuba. The island is somewhat mountainous, for all the West Indies are simply the tops of a high range of subterranean mountains projecting above the surface of the sea. About one fifth of Cuba is mountainous and some of the ranges are much higher than one would expect, for in the Sierra Maestra range there is one peak eighty-three hundred feet above sea level. Of the rest of the country, three fifths is made up of fertile plains, with scattering hills and valleys, and about one fifth is swampy.

Cuba is sometimes called the "Island of a Hundred Harbors," and certainly she is greatly blessed with harbors, which, by the way, are very scarce on the coast of South America. More than fifty harbors are ports of entry, many of them deep and pouch shaped, with narrow entrances completely landlocked. The

entrance to the harbor of Santiago is the most remarkable I have ever seen. The city is absolutely invisible from the sea, being approached only through a long, tortuous channel, six miles in length, the sea opening being only six hundred feet wide. Certainly the chief cities of Cuba have been determined by the harbors, of which that of Havana is the best. The entrance is only one thousand feet wide. Good harbors make good cities, hence as one travels along the coast of Cuba and sees a fine harbor, he may be sure that some day a large city will develop there, even though only a few negro huts are to be found now.

There are already several important cities. Havana, of course, is the best known, and is located on the northwest coast; Santiago de Cuba is located at the southeast; Cienfuegos, an important market place, is on the southern coast, and Antilla, a new made-to-order town like Gary, Indiana, is on the northeastern coast. The chief interior cities are Camaguey, Santa Clara, and Matanzas.

Another geographical feature of Cuba which impressed me is the large number of rivers and streams. It is true that most of the rivers are small, but they are, nevertheless, of tremendous value. A prominent banker of Havana assured me that these rivers number two hundred and fifty, the largest ones being El Canto and the Sagua la Grande. Otherwise water is scarce, for although the total rainfall is heavy, yet it comes all at once, and thus far no storage facilities exist.

In going to a new country, particularly in the tropics, the climate must be given careful consideration. Winter in Cuba is like our April and May; and summer like our July and August — only hotter. However,

it is always possible to get into a breeze. The heat is greatly tempered by the wonderful trade winds which blow from the northeast with but little variation throughout the year. The nights, during both winter and summer, are cool. Unfortunately, however, the sections of the island which present the greatest opportunities for making money are also the most unhealthful. This applies especially to the coast line during the summer season. Yellow fever has been stamped out to a great extent, but malaria still rages. There have been some cases of plague in Havana, but a systematic campaign has been carried on against the rats which spread the infection, and the city is destined in time to be very healthful, if indeed it may not be called so already.

Employees of Americans whom I have met in the tropics tell me that one must be very moderate in his diet and take precautions as to exposure either to the dampness of night or the heat of midday. The people do not go out in the sun as do we foolish North Americans, but plan their work and play to take best advantage possible of both the breeze and shade. Of course there are excessive rains at certain periods of the year, and this is especially true during the summer months. This rainfall interferes with travel on the country roads and is also conducive to malaria. In this connection, the following remarks of one Cuban may be of interest:

"Neglect of sanitary measures is the chief cause of local diseases, but in summertime one is more liable to contract them than in the winter. A cool breeze generally plays along the coast and frequent 'northers,' strong and cool, produce an equivalent of seasonal

changes. Once in a great while the island is visited by a hurricane. That of 1846 destroyed nearly two thousand houses in Havana alone and wrecked three hundred vessels, while the growing crops, especially in the eastern part, have often been leveled to the ground. These hurricanes occur, however, in the summer months, generally in August and September."

In spite of these drawbacks natural to a tropical country, Cuba is one of the most healthful countries in the world. The mortality among the two million five hundred thousand inhabitants in a recent year was only 12.6 per thousand, which was lower than that of any other country for that year except Australia, where the death rate was the same.

Havana, the capital of Cuba, is the largest and most prosperous city, has the best situation, and is, I believe, destined to retain its leadership. The old New England sea captains used to say that they could always find Havana without chart or compass. The harbor was so full of filth and débris that one could trust his nose as a sure guide to that port. Those were the days when monarchy held sway and the Cubans were exploited by a few for a few. With the establishment of democracy, however, conditions changed, and Havana has been steadily and greatly improved during recent years. Its streets, although still narrow, have been paved and asphalted. There are electric lights, sewers, municipal water, and other improvements. Its wide boulevard — the Prado — which stretches along the water front, is unexcelled, and there are as many automobiles as on the boulevards of an American city, while the stores of Obispo Street are noted among connoisseurs of jewelry, laces, and other articles of adorn-

ment. The deposits and homes of the leading banks are worthy of any large city, as are the libraries, schools, churches, theaters, and newspapers. High office buildings are now being erected. Even baseball is played with enthusiasm! The American business man is lunched at as beautiful a clubhouse as can be found in any American city, while the newsboys are as active in selling the daily papers as on election night on Broadway. The hotels are good, and of course cigar factories are found everywhere. Moreover, Havana has most beautiful and interesting suburbs which are reached by electric lines, as are the suburbs of so many of the larger American cities. Although formerly surrounded by a high wall, Havana has recently expanded greatly in size and now contains a population of about five hundred and fifty thousand.

From a sociological point of view, it is interesting to note that certain sections of Havana are more densely packed than any other city in the world, with the exception, perhaps, of certain Chinese cities. What applies to Havana in this regard also applies to the other large cities of Cuba, and especially to Santiago, Guantanamo, and Matanzas.

But Havana on the whole is now a clean and progressive city, a worthy capital for our worthy cousins. I use the term "cousins," because Cuba bears a different relation to us from that of any other nation. Cuba is an independent democracy with its own president, congress, and judiciary. Its people are free citizens, with a patriotism and love for flag and country as great as that of any people on the face of the globe. On the other hand, there exists a treaty between the United States and Cuba whereby Cuba agrees not to

do certain things without the consent of the United States, and the United States agrees to protect Cuba from outside interference, and stand ready, when requested, to interfere in case of internal revolutions.

I know of few cities where I would rather buy real estate to-day than in Havana. Of course, the customs of the country are not ours, and the American business man should learn this and not try to force his ideas on the merchants. He won't succeed in the first place, and he can't get business except by meeting the conditions of trade and life.

How little some of our manufacturers understand the Cuban trade is well illustrated by the statement of one of my Spanish-American friends. He said:

"Are your manufacturers in the United States absolutely crazy? Do they hope to have a salesman, in one week, secure trade which England and Germany have been forty years in building up? And yet yesterday I asked a representative of a large Chicago firm how he was getting on and he replied: 'Punk! I've been here now nearly a week and have secured only two orders. There is nothing here. This town is too slow for me. I'm going to beat it on the next boat.' Now let me ask what that Chicago firm would have thought of us if they had been serving us for forty years and we had suddenly thrown them over upon the first call of a fresh, strange salesman whose principal ability seemed to consist in drinking highballs and cracking jokes about our people?"

The Cuban people, and this is true of most Latin-Americans, know how to enjoy life and do business at the same time. I remember a visit I paid in company with a North American manufacturer to one of the

largest commission houses in Havana. We went in one of those old-fashioned carryalls such as our fathers used to drive, over cobble-stoned streets where the paving was laid under Spanish rule many years ago. As we reached my Cuban friend's place, my companion said:

"Why, this is n't much of a place, or at least they have not much business; it is too quiet."

Now it was not lack of business which set my friend adrift. It was the fact that these Cuban merchants and their employees take life calmly and sensibly. Instead of working in the hot sun as New York clerks are often compelled to do in summertime, people are protected by great awnings and curtains hung at the outer edges of the sidewalk.

"Why," he continued, "these clerks look as if they were on a vacation — see their light shoes, their white clothes, and their comfortable collars! It looks to me as if business was pretty dull."

But when the Cuban merchant arrived and stated his monthly output, my friend was convinced that haste does not always signify good business.

One distinguishing feature of Havana is the market-basket habit. The city has three large public markets, and every other Cuban city has one or more of comparative importance. In Havana, Tacon is the largest, Christina is the oldest, and Colon is the newest. All are worth careful study. Here we find on sale the fruits, vegetables, and other products of the island. But you must not think that the markets of these cities are limited to the sale of garden and farm produce. Every city in Latin America has some peculiar industry of its own; one city makes hats; another city may make

beads, and another baskets. All these products, as well as general merchandise, may be found in central markets. Men who cannot get space at the public market to sell their goods, go about the street with pushcarts or on horseback. Everywhere in the morning is to be seen the milkman sitting on his horse with a big can of milk on each side. Then comes the baker, on horseback also, with great baskets of bread. Even butchers travel about on horseback. I once saw a man riding along with three live pigs hanging from one side of the saddle and a string of live chickens dangling from the other side. Latin-American children are trained to reduce the cost of living by real marketing. Thus we can learn from them something about the art of buying as well as of the art of living.

Mention of the art of living calls to mind the great central park in Havana, — a beautiful spot with concrete walks, flower beds, laurel trees cut in formal shapes, and statuary. From four o'clock in the afternoon until late at night crowds come to this municipal playground. Around about are the hotels, restaurants, theaters, clubhouses, and public buildings; but the park itself is a garden and a playground for all the people. Almost every evening the municipal band plays and the scene is always gay, but lovely and peaceful — much different from the vulgar and flashy brightness of our large cities or from the deathly and lonesome darkness of the typical country town. I know of no city in the United States which gives such pleasure to its people, and yet this same scene is being repeated every night in hundreds of Latin-American cities. As a matter of fact, I do not believe that if we had similar playgrounds our people would use them.

We are too busy; too nervous. We don't know how to recreate. It is this temper of the Latin-American which leads our business men astray in their judgments of them.

A trip I always make when I am in Havana is to the two forts which guard (?) the entrance to the harbor. On the left as you enter is Morro Castle, a sixteenth-century fortress perched on a headland one hundred feet above the sea and separated from the mainland by a moat seventy feet wide. Below are the dungeons which served as prisons for the Cuban patriots. At one end can be seen the chute down which prisoners are said to have been thrown into the "sharks' nest" below. Back of the castle are seen the fortifications known as Cabañas. Here massive and continuous walls follow the harbor line. So much time and money were consumed in the building of these walls, that on their completion in 1774, Carlos III, then king of Spain, exclaimed when told of the cost: "Let me go to my palace and look for them. Surely if they are as great as you represent, they can be seen from here."

On the right of the entrance to the harbor is Punta Castle, begun about two hundred and sixty-five years ago. This is located at the end of the Prado and, like the fortifications opposite, still serves as barracks for the Cuban soldiers. When I last visited this old fort, I was much impressed by the remarks of the Cuban officer who took me about. Every gun we passed (except a little rapid-firing "Colt" down by the entrance) he would point to and say: "No good." All the big guns he insisted were not only dangerous to load, but could not be moved even to aim. As he made this same comment on every one we came to, I finally asked him how

Havana would be protected in case of trouble, and he quickly replied: "By the United States. We have no fortifications nor guns. We are depending upon you to defend us in case of trouble. You are our 'cousins,' don't you know?"

So far as I can learn, the only modern fortifications existing on the island are at Guantanamo, the United States naval base, about forty miles east of Santiago.

The opportunities which Cuba presents to the people of the United States may be roughly divided into two classes: first, those existing for manufacturers who wish to extend their foreign trade, and to whom Cuba offers an excellent market; secondly, those for men of moderate means who desire to take up the growing of staple foodstuffs. In the first place it must be remembered that the United States already controls half of Cuba's imports and close to eighty-five per cent. of her exports. This means that many keen United States business men have already availed themselves of this market. In other words, Cuban imports from the United States already amount to seventeen dollars per capita, and Cuban exports to the United States already amount to twenty dollars per capita. The chances for increased trade, however, are growing steadily, and the opening of the ferry service between Havana and Key West inaugurated an era of greatly increased possibilities.

Cuba is immensely rich in its natural resources. The annual sugar crop is worth over one hundred million dollars, the tobacco crop about thirty-five million dollars; citrus fruits are produced to the value of ten million dollars, and pineapple, cacao, honey, asphalt, iron, henequen, mahogany, cedar, and the like yield

ten million dollars. Iron is the chief product in the field of minerals, and here were found the great cliffs of iron ore which were afterward purchased by one of the great independent steel companies of our own country. In addition to iron, there are gold, copper, and manganese in the mountains. The traveler will find that his train runs through grand forests containing such precious woods as mahogany, cedar, and logwood, with great tracts of banana, orange, and mango trees. The government still owns a million and a quarter acres available for exploitation, but it is away from the railroads, and one must wait patiently for transportation. Our nearest competitors for Cuban trade are Great Britain, Spain, Germany, and France, in the order named. Cuba produces about five billion six hundred million pounds of sugar a year. This means fifty-six million hundredweight. A cent a pound does not mean much to any one who consumes only a few pounds a month; but to Cuba that small increase in price would mean an additional fifty-six million dollars coming in! Moreover, if there is one product of the world which is sure to increase in consumption per capita, it is sugar. Although our people consume about eighty pounds a year each, the English and French now consume only about half this, the Germans only about a third, and the Italians only about one quarter of this amount. My guess is that the world's demand for sugar is sure to increase and that our Cuban cousins will some day greatly profit thereby.

In connection with the possibilities for our citizens in Cuba, the following statement by the secretary of the Cuban Legation at Washington is suggestive:

"The Cubans are all purchasers of the necessities, comforts, and luxuries. All have money; the workingmen, farm hands, and laborers get good wages, and they spend their money for things they want. Cuba's commerce with the United States — exports and imports together — is much greater than the combined commerce of China, Russia, and Africa with the United States. A little more than half the imports are from this country. A much greater percentage could be secured if merchants and manufacturers would make the right efforts to secure it. It seems strange that proper effort is not made. Information has been given for so many years that one would think everybody knew what was required to gain and hold Latin-American trade, Cuban conditions being similar in the main to those of all Central and South American countries. Credits, styles and shapes of goods, packing — these are the main points in Cuba and elsewhere. Merchants and manufacturers may regard the Latin-American wishes as mere whims. Call them what you will, they must be considered and complied with, if that trade is to be captured. There is a much better understanding among the Pan-American countries now than ever before. We all come nearer being one people than heretofore, and it is the opportunity of the United States greatly to expand her trade with her closer neighbors. All the islands and the countries of the Gulf of Mexico are likely to see a considerable development from now on. When the people of these countries are consumers in a like degree as the Cubans are now, the United States, if it gets their trade, could not for some time make enough goods and articles to export to any other countries.

"Our people will continue to be large producers of sugar. They know the sugar business, and they like it. On rich soil it is not necessary to replant oftener than once in twenty years or more, and even on old, worn soils replanting is not required oftener than every four years."

With these attractions, it would seem that our manufacturers should get busy and place even more of our products in Cuba. To these manufacturers I would, however, speak a few words of advice. First of all in seeking to increase your trade, send a representative to Cuba, who will visit Havana, Matanzas, Santiago, Cienfuegos, and all the other important cities. Don't let him be content with visiting Havana. He should study the wants and customs of the Cubans, which from climatic and other reasons are necessarily different from ours. He will have to learn that he cannot force any kind of an article on the Cuban. When he comes back to your factory, he is very likely to impress on you that you cannot acquire and hold the trade of a foreign people while you continue to send out fabrics in lengths and widths which do not suit these strangers. Certainly our North American manufacturers are too set, as a rule, in their methods of foreign trading. They want the foreigners to accept their styles, measurements, weights, and systems of credit. This is all wrong, and it is precisely for this reason that European manufacturers have been able to step in under our noses and carry off a valuable percentage of the trade.

I wish again to impress upon manufacturers the necessity of sending your own man to Cuba. Bear in mind that the expense of a trip to Cuba is not nearly as great as the South American journey. Not only are

transportation costs much less, but it is cheaper to live in Cuba than in South America. In selecting a man to represent you in Cuba, get a good man of your own acquaintance, who speaks Spanish; pay him a good salary and give him full liberty to work out the business in the country. This is the only satisfactory method.

The Cuban Government has expended a considerable sum to encourage immigration of the man of moderate means who will take up the vocation of raising truck and garden produce. In this connection, it has sent out reliable information, particularly as to agricultural advantages. This work has been greatly needed, as for many years irresponsible firms have been sending out everywhere alluring and misleading literature concerning Latin-American opportunities, especially in regard to citrus fruit growing. The secret of successful farming in Cuba lies in the growing of staple foodstuffs and truck, and not in fruit growing. The man who will forget citrus growing and who will intelligently buy and cultivate a small patch of land, should be rewarded by a comfortable subsistence and secure an income here more easily than in almost any other place. The only drawback seems to be the pests which have a special fondness for temperate vegetables.

Land, such as is generally considered very satisfactory for farming in our agricultural States, and which is within possible reach of a port, may be purchased in Cuba for twenty-five dollars an acre, and the price in many cases ranges down as low as ten dollars. Such soil is not adapted to the cultivation of oranges or tobacco, and therefore it has escaped the fancy prices demanded by the owners of citrus land, where prices often run from three to five times as high. Moreover,

by growing ordinary garden truck the farmer is avoiding the high cost incident to establishing and maintaining a citrus grove; he is meeting with very little competition, and he is assured of a good market for his produce, not only in Cuba, but in the eastern markets of the United States.

The soil in Cuba is fine, but a farm or plantation is no place in which to raise a family. Farming at best means hard work even under good conditions, but where there is little enforcement of law, as in the interior of Cuba, the chances for the honest North American farmer are slim. Moreover, the farmer in Cuba is absolutely dependent for his profits upon the railroads, steamships, and middlemen. Even the cattle raisers are limited to a local market. The United States will not allow cattle to be imported into our country on the hoof, and no cold-storage plant or canning factory for the beef exists.

In buying land, one must be very careful about land titles, as many Americans have had much trouble. Water is a serious question. Even the city of Santiago is limited to a few hours of water a day, and during a dry spell cattle will drop in price from five cents to three cents a pound on the hoof.

Living conditions in the country districts of Cuba are very unsatisfactory. Of course, there are fine American colonies in the suburbs of Havana, yet the real opportunities are not in the cities, but in the country districts. I believe that there are much better chances for a young man in a growing city of the Canadian Northwest than in the cities of Cuba. To get agricultural opportunities in Cuba one must go out into the country, and in the tropics this is a very difficult thing to do. There are few means of communication; almost no

schools exist, and one must go through considerable hardship to be a pioneer in any country. The land near the coast is usually low and unhealthy, while inland the soil is apt to be dry and barren. In other words, in the fertile sections it is unhealthy to live, and in the healthful sections there are few agricultural opportunities. A single man with good physique and plenty of courage could, without a doubt, make considerable money by going to the tropics and developing a farm, a cocoanut plantation, a cattle ranch, or something else in the valleys or along the coast.

If you will visit Cuba and talk with the leaders in political and commercial affairs, you will be glad to call Cubans your cousins. Whatever the officials may have been in the past, they are, at present, a high-grade, intelligent body of men. All the government officials with whom I have come in contact, from the doorkeepers to the President himself, have been able and serious men of whom the people of Cuba may well be proud.

The heartiest reception I received in Cuba was at the presidential palace. A more homelike, hospitable place it is hard to imagine. Although located in the city, it is built like all fine southern homes, in the form of a square with a garden in the center. Such architecture provides both shade and air in the hottest days. In addition, each room opens by long French windows upon a balcony. Against the windows are both shades and shutters. The palace has a great covered sidewalk in front where the people may congregate, and opposite is an open place suitable for a large gathering. From the outside it looks like a city block.

The President of the Republic of Cuba at that time

was General Mario G. Menocal, a fine-looking man of about forty-five years of age, with a black, bushy beard, his military bearing telling the story of his service in the Revolutionist Army. Said I:

"Mr. President, I have stopped off at Havana on my way to South America to ascertain just what opportunities there are to-day in Cuba for people from the United States."

Thereupon the President turned in his chair and replied:

"I am very glad that you ask me about business matters instead of political affairs, because, as you know, I am a plain business man in the sugar industry. I am not an expert on political questions. You ask about opportunities for Americans in Cuba. Let me tell you that they are unlimited. We possess the most fertile land of the semi-temperate zone. You good people of the United States do not realize the extent of Cuba. We have a great stretch of garden land seven hundred and eighty miles long. This is nearly the distance between Chicago and your Atlantic seaboard. Here almost anything can be raised. We have iron, copper, and other minerals. Our rich valleys are adapted to the cultivation of the finest tobacco in the world; and on our fine pasture lands cattle may graze throughout the entire year. Less than twenty per cent. of Cuba is under cultivation. The island is now the center of the sugar industry, which, when fully developed, can easily supply the entire world with sugar. Whenever you find a man who wishes to invest money in the finest kind of agricultural lands, and really to work them, send him to Cuba."

I then asked: "Mr. President, do you think there

are opportunities in the island for mercantile and manufacturing industries? As I study the imports, I am surprised to see how many things the Cuban people import which could be as well manufactured in your island."

To this he replied: "I rather question whether many opportunities exist in Cuba for Americans to engage in mercantile ventures. Our merchandizing is very well handled by the Spanish element in the community. These people are thrifty and economical. I know of no merchants in the world who surpass the Spanish merchants whom you see here in Havana. Therefore I would not advise Americans to come here with the idea of opening stores.

"When it comes to manufacturing — that is another matter. Lying as we do so near your coast, with the center of your manufacturing so constantly moving southward, Cuba should some day be a hive of industry. I go further, and say that it should become a great industrial center of the Western Hemisphere. Some day the island will hum with cotton machinery. There will some day be shoe factories, paper mills, steel plants, and canning houses in Cuba, such as no man to-day dreams of. Moreover, the first to come will make the greatest success.

"I am especially convinced that Cuba is a very safe place in which to invest one's money. I think that our country has been greatly injured in the eyes of investors by certain land promoters from the United States who have bought cheap land here and have gone back and sold it to your people in small parcels at fabulous prices. Tell your people that before buying property in Cuba they should come down and see the land. Tell

them to come and consult our government bureau which handles such matters. We will gladly give advice as to where good land can best be purchased, where good investments can be made, and what should be avoided. We are all very sorry when any one loses money in Cuba, and we want to do everything possible to prevent such losses. To be successful in this, however, persons must come to us for advice before making an investment or buying any land, and not wait till afterward."

Most of my friends in Cuba always advise strongly against any one going there from the United States unless he has capital and is in a proper physical condition to stand Cuban climate. Personally I heartily commend this advice, believing that the United States is the best country in the world for the man without capital, and that any such make a great mistake in leaving our shores even for an attractive spot like Cuba. President Menocal, however, said to me:

"I don't believe it is necessary for a man to have capital to make a success in Cuba. Even to-day, during these hard times, labor is in good demand in the sugar industry. The cheapest wage is a dollar a day, and there are big opportunities for men with character, brains, and muscle. It is with genuine pleasure that I view the widespread and deeply-felt interest of the American people in their Latin-American brethren. This feeling of interest, manifested by the desire to bring about closer commercial, political, and economic relations between the United States and the Spanish-American republics, though natural and logical, has long lain dormant, and would, perhaps, have been long in finding forceful expression had not the unfortunate

conflict in Europe brought home to all of us the necessity of drawing still closer together the already friendly ties binding our several countries. This is especially true of Cuba, between which and the United States, even aside from our debt of gratitude, there have always existed the most cordial relations."

The future of Cuba, however, will be determined by something more substantial than cordial relations; we must give her a square deal. Our future trade with Cuba is dependent upon hard work and careful efforts on the part of our manufacturers and merchants.

CHAPTER III

Porto Rico

We can never understand the people of Latin America until we know more of their history. We think of Plymouth Rock and other historic spots as the first settlements of the Western Hemisphere, but there were well-established towns in the West Indies before Plymouth was ever heard of. The following table gives concisely some of the facts which must be understood in order to estimate the commercial possibilities of these islands.

In October, 1492, Columbus first landed on an island now grouped with the Bahamas. In the same year he visited the north coast of Cuba, while his first real settlement was on the island of Hayti. In Santo Domingo City, Hayti, we find the oldest settlement in the Western Hemisphere, which has been in continuous existence since its foundation in 1496. Here Columbus was imprisoned, and from this place he was carried in chains to Spain.

Jamaica was famous as the headquarters of pirates. Port Royal, just outside of Kingston, was known as the "wickedest city in the world," until its destruction by earthquake in 1692. Jamaica became an English island through Admiral Penn, the father of William Penn. All these West Indian islands were at one time the prop-

erty of Spain, but were lost to the British, French, and Dutch in the seventeenth and eighteenth centuries.

Personally, I believe that as long as we live there will be no need for us or our children to leave the temperate

Country	Area in square miles	Population	Discovered	Chief ports
Cuba	44,164	2,469,125	1492	Havana.
Hayti and Santo Domingo . .	28,249	2,629,700	1492	Port-au-Prince and Santo Domingo City.
Bahamas . .	4,404	57,241	1492	
Jamaica . . .	4,200	831,383	1494	Kingston.
Porto Rico . .	3,606	1,118,012	1493	San Juan.
Trinidad . .	1,754	333,552	1498	Port of Spain.
Martinique and the French Islands	1,073	406,430	1493	Fort-de-France.
Leeward Islands	715	127,193	1500	St. John.
Windward Islands	516	157,264	1500	St. George's, Grenada.
Dutch Islands	403	55,183	1493	Willemstad, Curaçao.
Barbados . .	166	171,982	1536	Bridgetown.
Danish Islands	138	27,086	1493	Charlotte Amalie.
Tobogo . . .	114	21,406	1498	Scarborough.
Virgin Islands	58	4,908	1493	Tortola.
Bermudas . .	20	19,935	1515	Hamilton.
	89,580	8,430,400		

zone in order to prosper. Any reader of this book who has energy and ability enough to make a success in the West Indies can, with the same ability, make a greater success by remaining in the United States. If you have any doubt on this score, write to a few of our consuls. But these islands do offer great opportunities

to our manufacturers who go after the business with intelligence.

One reason why I turn first to the discussion of Cuba and Porto Rico is because they are under the influence of the United States. In these islands the settler will have difficulties enough, but here he will get real protection.

Porto Rico has a great future as a health and pleasure resort in winter, and also offers some opportunities for trade, but it does not seem to me a land for money making except in a speculative way. It is a lovely spot, inhabited by delightful people, and it offers the additional attraction of being a colony of the United States. The chief port and capital of the island is San Juan, with its truly romantic and picturesque harbor. There are many San Juans in the southern seas, but this is San Juan Bautista, founded and named in 1509 by Ponce de Leon, who was governor of Porto Rico at that time. The harbor was the scene of one of the most pathetic sea stories of England, the story of the last voyage of Admiral Hawkins and Francis Drake. These great Elizabethan sailors got together a fleet and sailed from Plymouth, England, in 1595. The voyage was disastrous from beginning to end. After suffering reverses at the Canaries and Marie Galante, the fleet arrived off San Juan. The aged admiral died when land was sighted, and Drake then took command of the ships. On a Wednesday, at break of day, the English fleet appeared off the forts. After several attacks, in which the heretofore invincible Drake was repulsed, the English fleet bore away, beaten.

Porto Rico has scenery, schools, good government, attractive climate, and everything except opportunity

for growth. Our young people going to Porto Rico without money should do one of two things: either hold a government job or else work for some North American concern. Native labor is paid about sixty-two cents a day, and there have been serious labor troubles.

The principal cities of the island are San Juan, Ponce, and Mayaguez. The following description of San Juan may be of interest: "It is the only fortified city of Porto Rico, situated on a small island at the end of the harbor. The island is two miles in length and half a mile in breadth, connected with the mainland by two bridges. On the northwest end of this small island is the famous Morro, the initial fortification which was begun soon after San Juan was founded, but was not finished until 1584. Here was the citadel, a small military town in itself, with chapel, bakehouse, great water tanks, warehouses, officers' headquarters, barracks, bombproofs, and dungeons near and under the sea. This old citadel is but the beginning of the wall which completely inclosed the city within a line of connected bastions, deep moats, guarded gates, crenelated battlements with projecting sentry boxes — in fact, all the defenses of medieval times."

In addition to the great stone walls, some of which are nearly a hundred feet high, there are the outlying forts of San Antonio and San Geronimo, which guard the inland bridges; and on an islet in the harbor is the small but strong fort of Canuelo, between which and the Morro, less than a thousand yards distant, all large ships have to pass to make this port.

San Juan is the oldest and quaintest possession of the United States in the New World, antedating Havana by six or seven years and St. Augustine, in Florida, by

more than fifty years. Entering the gateway in the walls, the traveler finds the city regularly laid out, with six streets running east and west and seven others crossing them at right angles. There are two large plazas and several smaller squares, called *plazuelas*, which are favorite places for promenades and recreation.

The houses are mainly of massive construction, Oriental-Spanish in appearance, with flat roofs and jutting balconies, grilled windows without glass, open patios in the center, and, until 1898, with few sanitary conveniences. There was a howl of protest when the conquerors compelled the house owners to install sanitary arrangements where none had ever been before, and to connect them with the sewers, which were constructed in streets that had previously served as open drains. But the work has been done, and San Juan, formerly a plague center for disease, is now one of the most cleanly of cities.

Of the thousand and more houses within the walls, not more than half are two stories in height, but few are three, and all, of course, are chimneyless. The streets are paved, and until recently were filthy, for water was scarce; but now there is a water supply piped into the city from the Rio Piedras, where the reservoirs and pumping engines are located. The former palace of the Captain-general, now the executive mansion and governmental headquarters, is an imposing edifice, taken together with the battlemented platform on which it stands. Near it is the Casa Blanca, or White House, the ancient castle of Ponce de Leon, the oldest and most attractive structure there, with its walled garden and surrounding palms. There are many

other fine buildings, some twenty churches, clubs, both native and foreign, a casino, a library, and a well-established Young Men's Christian Association. The city is well provided with schools and hospitals. The stores are numerous and well stocked, formerly entirely with European goods, but lately with more of our own products.

There are a number of small towns on the island ranging in population from a couple of hundred to a couple of thousand. These towns are like small New England villages, with two or three stores, a post office and a church, although in Porto Rico the church is a Roman Catholic edifice of stone of the Spanish type rather than the typical New England church with its white paint, green blinds, and a high steeple.

I have been greatly surprised to find Porto Rico so thickly populated. The United States has a population of about twenty to the square mile, while the population of this island is nearly three hundred to the square mile! These people are a mixture of Spanish, negroes, and Indian, a race much like the Cubans, but more peaceful, as they were not abused so much by Spain. Out of a population of a million, about six hundred thousand are of Spanish extraction; about sixty thousand are negroes, and the remainder mixed. These people have a contented, indifferent air, and their chief occupations are said to be "eating and resting and waiting for the sun to set." The feeling toward us is not much more friendly than in Cuba. All these countries look upon North Americans as intruders. Even the Spanish, who treated them so cruelly, are held in higher esteem than we are. Yet we have done no differently in dictating to these people than England has

done in Jamaica and Trinidad. The fact, however, that we pretend to stand for democracy probably makes us appear as hypocrites in their eyes. Instead of looking at us as liberators, they feel that we have stolen their island. As a result of the Spanish War, Porto Rico was ceded to the United States, but we have not yet given citizenship to the Porto Ricans, although if we do not soon grant it there is sure to be trouble.

Porto Rico originally had as many natural advantages as any of the West Indies. It is fairly high, gradually rising toward the center, which consists of a mountain some four thousand feet in altitude. The hills are partly wooded, and there are many fertile valleys. The island is also blessed with many rivers and streams, although these are not navigable. This high land has made this island much more healthful than some of the others, as there are few swampy sections.

Although the temperature is tropical, yet it is fairly even, the average being about eighty. The thermometer will run up to a hundred during the heat of the day and fall considerably at night. The variations of elevation make it possible to enjoy almost any temperature one desires, as it is hot in the low lands and cool on the mountains. The customary trade winds make the nights pleasant and also add to comfort in the shade, even during the hottest days. On the other hand, these trade winds sometimes develop into terrific hurricanes during certain seasons of the year, especially in summer, and they have caused great disasters.

The fact that things which come easy are of little value, while those which are difficult possess great possibilities, cannot be better illustrated than by the comparison of opportunities in Porto Rico and in the

island of Hayti. The climate in Porto Rico, as has been said, is attractive, the laws are just, the island is fully policed; good postal service, schools, and transportation exist, but the cream has been skimmed! The very fact that these good conditions prevail has caused most of the opportunities for making money to be seized. It is true that a man is safer in Porto Rico than in New York City, but it is likewise true that in the latter place he has a greater opportunity to make money. Things come easy in Porto Rico; things are hard in Hayti, but there the soldier of fortune has unlimited opportunities.

Of course Porto Rico has certain attractions, especially to the traveler who for the first time gazes upon its palm-bordered shores; but for the young American with a little capital, who desires to strike out and make a dent in the world, there are better opportunities elsewhere. I admit that the soil is fertile; in fact, all the tropical fruits, flowers, and trees grow spontaneously. The soil is even remarkably rich, having been cultivated for centuries in coffee, bananas, and sugar-cane. The island is really the home of the coffee and tobacco industry, and some of the valleys to-day produce the best coffee berries in existence. Owing to the aid given by wealthy American interests, sugar-cane is now the leading crop, coffee and tobacco following after, with an increasing tendency to grow citrus fruits.

The land, however, is practically all taken up; the forests sell as high as does land in northern Maine. There is little mineral wealth in the island, and the chief resource is agriculture. Now agricultural land is all right if it can be obtained at a small price, but the

profit in agriculture comes not from raising crops, but from the increase in the price of land which comes through proper development. Hence, if one must pay much money for land and depend upon the crops for profit, there is no remarkable opportunity.

Porto Rico has less than one hundred thousand acres of public land left, and if an investor goes to Porto Rico to operate a large farm to-day, he must pay a good price for it. Plantations easily accessible are selling for one hundred and fifty dollars an acre, while others, away from the coast, are quoted at about one hundred dollars an acre. To a young man with little capital these prices are not attractive.

After the delightful way in which I have been entertained on the island, these statements doubtless seem ungrateful. Many bright young people have gone there from the "States" and are leading happy lives on the plantations outside of San Juan. It is a delightful life, and I envy them all! However, I can but feel that this is a life rather for those who already have money than for those who are trying to make their fortune.

The future of Porto Rico is as a great winter resort. Its healthful climate, beautiful roads, and other attractions will make it a great rival of Florida. In view of this, I advise the purchase of high lands rather than the low lands, with simply fruit raising in mind. The greatest profits are coming to the owners of cheap lands which will some day be sought by winter residents rather than to the owners of very expensive lands suitable only for fruit culture.

Porto Rico has not yet been brought to the attention of our exporters and manufacturers to any great extent, yet the island offers some market for manufacturers.

In the textile line, practically everything must be brought to the island, because no textiles to speak of are manufactured there, and supplies come principally from the United States. Small quantities of goods still come from Spain, but in such insignificant amounts that they are not worth considering. The market for the higher classes of goods has not developed, and the manufacturer of such goods will have difficulty in getting a satisfactory trade.

Porto Rican merchants to-day want only cheap goods. The value and style are not generally given much consideration, as long as the merchandise is low in price. This also applies to most West Indian and Central American merchants. Many of them have formed the habit of asking for "lottes" (job lots), and judging from the appearance of their stocks, they have been supplied with this class of merchandise in big quantities. Stores in interior towns have their shelves filled with shoes and hosiery that have been out of date in the United States for years, all going to show that no matter how much out of style an article is, it may have a ready sale in these islands at a low price.

Therefore the house that handles the higher grades of merchandise finds itself at an immediate disadvantage, and can hope to make a large outlet for its goods only through educating the masses to better stuff. You must show the distributing agents that it is more satisfactory to themselves, to the retailer, and to the consumer to use good merchandise, and you must bring it about that the children of the schools go shod instead of barefoot as now. This does not mean that trading in job lots is not a perfectly legitimate proposition, so long as the goods are not represented as "firsts" when

they are really "seconds," or when an out-of-date style is not claimed as the latest one.

In conclusion, let me mention how rapidly the American idea of dress is being adopted in the tropics, which, of course, is going to be a great factor in developing the demands of the Porto Ricans. Enterprising bankers are seeing the advantage of making strong connections with the mercantile interests of the island. A market for money at ten or twelve per cent. is had readily, and many of the prominent Canadian bankers have well-established branches in the principal cities. They have been more alert in this matter than have the bankers of the United States. Perhaps our bankers can find here an outlet for surplus funds in a country under the protection of the United States. Certainly the money situation should not continue to be controlled by foreign bankers, as at present. These same comments might be made concerning any of the Latin-American countries within our sphere of influence. The truth is that in developing our own country we are active and industrious, but in going to other lands we are lazy and indifferent. Whether we are justified in being lazy may be debatable, but we certainly are not justified in being indifferent. Surely, if Porto Rico is to have a bright future, we must concern ourselves with its development. In taking over the island, we assumed a responsibility, and Porto Rico's future depends upon our recognizing the responsibility and dealing with her justly.

CHAPTER IV

Santo Domingo and Hayti

Santo Domingo and Hayti are lands of golden opportunities for young men who are willing to take a chance and suffer hardship. This island of Hayti, situated a few miles from Porto Rico, offers a better outlook than ever existed in our great West. Financial history teaches that money is made most rapidly by doing what the average person does not want to do, that is, by not following the crowd. The most successful investor is he who buys securities during times of panic when every one else wishes to sell, and who sells when every one else is buying. Having seen so many illustrations of success coming to men who do the unusual or unpopular thing, I naturally have been impressed with the island containing those two so-called republics — Santo Domingo and Hayti. Here the most wonderful virgin opportunities lie untouched. Whether one considers gold or silver, iron or copper, primeval forests or fertile valleys, they can all be obtained in this island for the asking.

I know of no better place to which a man can go with the combined possibility of obtaining wealth and rendering service than to Santo Domingo. Not only are the natural resources great, but there is no one who wants them. The people are uneducated; the cities are dirty; communication is practically nil, and the

entire island looks like a deserted, but once beautiful, garden. Of course the government is wretched; there are no conveniences or modern improvements, and it is the last place where one would want to bring up a family. On the other hand, merchandise does not look attractive to the merchant during a business depression, nor do stocks look attractive to the average investor during a panic. Santo Domingo and Hayti are to-day physically and politically in a state of depression and panic, and the island has been in such a condition for so long a time that it looks as if the corner had been turned.

Paradoxical as it may seem, the capital of Santo Domingo, or Santo Domingo City, is both the oldest and the most backward city of the Western Hemisphere, with the possible exception of Port-au-Prince, the capital of Hayti. Columbus went to Santo Domingo and made a real settlement in 1496, after his brother had chosen the site for a city. Columbus once owned a house there, together with a tower which he built to command the city. The chapel which he used to attend still stands on the left bank of the Ozama River, opposite the city. It is interesting to realize that the first land discovered in this hemisphere will probably be the last to be developed. At any rate, it is to-day the most backward place in this section of the world.

The island is divided into two parts. Santo Domingo occupies the eastern portion and contains about eighteen thousand square miles of the total area of the island. The remainder, or about ten thousand square miles, is occupied by Hayti. The island is the most mountainous of the West Indies and contains the highest peaks, one of which is eleven thousand feet in alti-

tude. Like Cuba, it has many wonderful harbors, a number of which are not yet developed. As some of these harbors are at the mouth of rivers running through most fertile and beautiful valleys, it seems as if there were many opportunities for founding cities which will some day be of great importance. In fact, as the steamer goes along the coast, one notices beautiful landlocked harbors without a human being in sight.

The population of the entire island is probably about two millions, of which one quarter lives in Santo Domingo and about three quarters in Hayti. As Santo Domingo with the smaller population has double the area, it is natural to suppose that its population is superior to the Haytian population. In fact, there is almost no comparison between the two, for the Santo Dominicans have a good amount of Spanish blood in their veins; while the towns of Mocha and Caballeros are noted for their fair and attractive women.

The island apparently was most prosperous several centuries ago, and the people say that it was really better when it was being exploited by the Spanish, Dutch, and French than at the present time. But the representatives of these "civilized" nations so wickedly oppressed the natives and abused the slaves they had imported from Africa that the negroes arose in a mass and almost annihilated all the white people. It is true that the island is noted for its revolutions, but the habit of revolting was forced upon these people.

If I were going to this island to take a chance, I naturally would go first to Santo Domingo. This would be strange and raw enough for a starter, and it certainly has better ripe opportunities than any other spot in the West Indies. Santo Domingo is more hos-

pitable to strangers than is Hayti, sanitary conditions are much better, and there are various other reasons why I would land and probably settle first in Santo Domingo.

On the other hand, the greatest opportunity for service and profit may be in Hayti, and after becoming acclimated and acquainted with the language, I would examine thoroughly conditions in the western part of the island. At present foreigners cannot own land in Hayti, for this is the only way the poor Haytians can keep from being drawn into slavery. The new generation, however, is of a different character from that of its fathers, and conditions may soon be changed so that Americans will be permitted to own land and will be invited to develop the country. When that time comes, the men who are first on the ground will get the most valuable prizes, whether they consist of virgin forests or undiscovered gold mines.

The first gold sent from America to Spain came from this island. One writer says on this point:

"Gold was first seen by Columbus on the north coast of Hayti, but not until he had reached and entered the mouth of the Yaqui River did he discover the precious metal in any quantity. There his men, when filling their water casks, saw clinging to the hoops of the casks glittering particles, which proved to be gold. Flakes and nuggets had been given to the Spaniards by the Indians of Hayti, but when questioned as to the auriferous region, they always pointed to the mountains of Santo Domingo. In these mountains at or near the headwaters of the Yaqui, in a region then and now known as the Cibao, the Spaniards found an immense amount of gold in dust and nuggets."

It is a common saying in the islands that the district where gold is not found is the exception rather than the rule, leaving out of the reckoning, of course, the recent coralline formations. The central cordillera is threaded with veins of gold-bearing quartz, but the richest deposits are found in the placers in various parts of the territory. Numerous mines have been started in sections of the cordilleras, but no deposits have been found to equal those exploited by the Spaniards.

Some silver has been found, but a much greater quantity of copper ore. Iron also is abundant, but it is not mined to any extent, and the same may be said about coal, which, however, is not of the best quality. Petroleum has been discovered in great volume on the southern coast, where the first well opened gushed to the height of seventy feet. It is believed to be in a zone or belt connecting, perhaps, with an extended area which embraces the oil-producing regions of North and South America.

Among other resources, the island is said to possess a mountain of pure crystal salt, and some precious stones have been found. But tropical fruits, vegetables, and forest products are of greater value than all the mineral resources combined, for the varying altitude beneath the hot sun bestows upon the island every variety of tree and shrub and plant. All the tropical fruits may be grown along the coast and far up into the mountains, where their places are taken by semi-temperate and temperate fruits. These fruits range from bananas to strawberries, the vegetables from yams to cabbages and potatoes, a different fruit or vegetable being possible for every degree of temperature as measured by altitude.

Sugar-cane, cacao, cocoanuts, coffee, vanilla, tobacco, and the like grow along the coast luxuriantly, and in the forests may be found dyewoods and rare cabinet woods such as mahogany and cedar.

There are almost no manufactures in the island. Taxes are low, and the revenue is derived from imports and exports, which amount approximately to five millions and seven millions per annum. Since 1905, the customs have been collected by officials under the United States Government, fifty-five per cent. being banked in New York for the benefit of foreign creditors. This arrangement was sanctioned by the treaty of 1907, but it is much more to the satisfaction of the foreign creditor than to the natives, who bitterly resent this intrusion, as they call it, though not to the extent of combating it by force of arms.

Possessing a fine climate, "which varies but little from seventy to eighty degrees the year through," and to a great extent exempt from cyclones and earthquakes, this island should be occupied by a more numerous population than it is to-day. Although the Haytians are still fearful of foreigners, yet the Dominicans welcome foreign capital and immigration. They are not averse to modern improvements, moral or material, and one reason they have not made greater progress is their isolation, another being the disturbed state of their country for many years past.

Before visiting the island, I did not realize that a place could exist so near New York with such wretched means of communication as has Santo Domingo. Highways suitable for carriages and wagons are practically unknown, all travel being either on horse, donkey-back, or on foot. In the rainy season, that is, during the sum-

mer and early autumn, even such travel is almost impossible, for these paths contain pits sometimes two or three feet in depth, worn by the hoofs of countless animals.

At the present time there are only four worth-while railroads in the island, and these are mere toys compared with the possibilities. Two of these roads are in the Santo Domingo end, both leading inland from harbors; one from the port of Sanshaz, about one hundred miles in length, and the other connecting Puerto Plata with Santiago de los Caballeros. Another road is being built, and several concessions have been granted providing for other lines.

Much to my surprise, the island has a good telephone and telegraph system, connecting all of the principal cities. A good postal system has been established, and Santo Domingo belongs to the Postal Union.

Puerto Plata has an intelligent population, and this is the place where the young American should go first to get the lay of the land. Many foreigners are already located in this city, and since the opening of the new railroad referred to above, Puerto Plata has become quite a lively town. Certainly it is beautifully situated on a picturesque peninsula at the foot of a high mountain. It is well drained and probably healthful; in fact, it compares very favorably with many undeveloped cities of other nations. Whether the railroad has made Puerto Plata or whether Puerto Plata has made the railroad, I do not know. When, however, it is considered that this road has only a thirty-inch gauge, is only forty-two miles long, and has taken three nationalities — Belgians, Germans, and Americans — to build, it certainly deserves more than passing notice.

I tried to get figures showing the earnings of this road, but failed. I am satisfied, however, that despite all the revolutions and ignorance on this island, I might be tempted to invest money in the bonds of some new Santo Domingo railroads rather than in the common stock of some old lines in the United States.

It seems like a romance, but I really believe that a young man with one hundred thousand dollars could go to this island, select a harbor equal to that of Boston, build a railroad and own a city, if he simply had courage and tact. There is no opportunity for long lines, but there are numerous opportunities for short roads operating from ten to fifty miles, all of which some day are sure to be combined into one big system. Moreover, the men who build these railroads will have first claim on the virgin country through which they pass, with the products of timber, gold, and tropical fruits.

I have visited many countries in my travels. Some have wonderful physical opportunities, but have no population; others have a horde of people, but have no natural resources. Here is an island abounding with people and crammed full of natural resources, but without stable government or means of communication. The first, namely, the stable government, is sure to come, and the men who develop the railroads in conjunction with the improvement of the government are sure to reap a harvest and also to perform a great service to the people. At present the cities can be reached only by slow vessels which ply irregularly from port to port, or by almost impossible trips across the island by mule.

Many feel that before this island can enjoy a stable government, additional means of communication, or

almost any advantage, it must have the advantages of religion and education, if these two can be readily separated. I cannot speak with authority about the religion of the "Black Republic." Certainly I have been told some strange stories; these are stories which have principally accounted for the backward state of affairs.

Just what work Christian missionaries are doing among these people I do not know; but certainly there must be a great opportunity. At any rate, the great needs of the hour are education and religion. I care not which comes first, the other is bound to follow. Moreover, until both come, this will continue to be the most backward portion of the Western Hemisphere.

I therefore say that a great opportunity exists to-day for that soldier of fortune who, with a proper amount of religion, education, and capital, will go to this island and develop it as he would a great industry, keeping in mind continually that success can come only by performing service. On the other hand, readers must not forget that such a man will be blocked, discouraged, and perhaps subjected to great hardships. The very reason that great opportunities exist is because conditions at present are wretched, the place is deserted by foreigners, and because no one knows much about what there really is in the center of the island.

Above I have referred to the two principal cities of Santo Domingo, its capital, Santo Domingo City, and Puerto Plata, one of the most thriving seaports. As an illustration of the relative development of Hayti compared with Santo Domingo, the following description of Port-au-Prince, Hayti's principal city, is of interest:

"The capital and largest city of Hayti, Port-au-Prince, sometimes called Port Republican, lies at the head of a deep gulf on a slope facing west and contains between sixty and seventy thousand inhabitants. Owing to the contiguity to a vast and fertile region that needs only intelligent cultivation to become a treasure house of great wealth, its natural advantages are great, but in the matter of ministering to the needs or demands of travelers it is lamentably lacking."

It has been said, and with feeling, by some who have been compelled to remain in the city any length of time, that no one would go there who was not compelled to. Said an officer of the French navy who was there at intervals during forty years: "In my acquaintance, the city has not changed in all that time except to become more wretched and dirty."

It may still be said, as was remarked by a traveler many years ago: "The gutters are open pools of stagnant and fetid water, obstruct the streets everywhere, and constantly receive accessions from the inhabitants' use of them as cesspools and sewers. There are few good buildings in the town, and none in the country, the torch of the incendiary having been applied at short intervals, and no encouragement is offered to rebuild, either through protection of the government or local enterprise. It is also as true of Port-au-Prince as Cape Haitien, that buildings destroyed by earthquake or fire are rarely replaced, and the nearest approach to rebuilding is seen in a slab shanty leaning against the ruins of a larger structure."

These same conditions I find exist to-day. Port-au-Prince is now a half-ruined city, with a few buildings which once were fine, as the government palace on the

Champs de Mars and the barnlike cathedral, where, in order to gratify the sentiment of the people, saints and virgins are painted black or brown, the prevailing hue of the population. An authority on the city says:

"The finest building in the city was formerly the national palace, a rambling, one-story structure of brick and wood. It is the official residence of the president of the republic, who 'receives' on certain days, when visitors are allowed to approach his 'Excellency,' who is guarded by soldiers and sometimes surrounded by members of his staff. This palace occupies the seaward front of a neglected field ambitiously called the Champs de Mars, upon which are occasionally displayed the ragged remnants of the Haytian time.

"The city is generally in a state of siege, or under martial law, and barefooted soldiers, ragged and dirty, may be seen standing guard on every corner, while Gatling guns adorn the squares and even the corridors of the palace. It is very likely that the visitor will have his attention drawn to these men of Mars, for as their pay is scanty and rarely forthcoming at that, they are forced to appeal to charity when off duty and make their rounds of the city hat in hand for chance contributions.

"The market places are large enough and were originally well situated, but like all other municipal constructions, they are allowed to become deposits of filth until the rains of the wet season wash them clean. They are worth visiting, even if for no other purpose than to study the Haytianized Africans from the country, who come in with fruits and vegetables, sometimes with meats. The meats are poor; the fruits delicious. There is rarely any beef to be had in Hayti of a quality

good enough for consumption by the visitor, and the so-called mutton is usually derived from goats.

"The hotels of Port-au-Prince partake of that intermittent character begotten by frequent revolutions and change of government and, in fact, there is but one good hotel in the city. . . . It is old and ramshackle, but its meals are, or were, excellent and well served. Still the visitor is advised not to linger in this city unless he meets some of the few white people here who might invite him to their country seats at La Coupe, about five miles in the hills.

"La Coupe is the summer or warm-weather residence of the wealthier class of Port-au-Prince and presents somewhat the appearance of a well-to-do suburb of an island better favored in its inhabitants than Hayti. It lies at an altitude of twelve hundred feet above the sea and the views over the great bay, especially at sunset and by moonlight, are superb. The temperature here is several degrees below that of the city, which hangs around the nineties, for a cool breeze is playing all the time."

As stated, I strongly advise an American going to this island to take a steamer to Puerto Plata, on the north coast, and not to bother with the city of Port-au-Prince or the city of Santo Domingo. Puerto Plata is an enterprising place, and the center of a very rich and fertile country, where land can be purchased at from ten to forty dollars a *carreau*, which is three and one third acres. In other words, better land can be obtained in this island at from three to twelve dollars an acre than can be bought in Cuba for triple that sum. In fact, the rainfall and wonderful soil will some day make this island far richer than Cuba, and the

inconveniences are not enough greater to offset the difference in the price of the land.

Before attempting to do business in this island, one should study French for, as in Martinique, it is both the native and business tongue. Moreover, as also in Martinique, the *franc* is the standard coin; although, as in all these islands, our United States dollar bill is exceedingly acceptable. But outside of the language and currency, there is little to remind one of France in this island, especially in the western end, with its black Republic.

The future of Santo Domingo and Hayti will be bright as soon as they have a sufficient number of industrious and conscientious immigrants. Under the new United States influence, such a time should soon be here.

CHAPTER V

Other Islands of the Caribbean

Jamaica

Jamaica is the third in size of the West Indies, exceeded only by Cuba and Hayti. It has an area of over four thousand square miles, being about one hundred and fifty miles long and fifty miles wide at its extreme measurement. It has been under English control for a long time, and for this reason is pretty well developed. Order reigns throughout the island, and it is probably the safest place in the West Indies in which to live, with the exception of Porto Rico. The island has a certain government of its own, it operates its own railroad system, and has many departments for the encouragement of agriculture and industry. The climate is strictly tropical. Formerly sugar was the chief product, and when crossing the island the traveler even now sees the remains of many old sugar mills and abandoned plantations.

At the present time, the important industry of Jamaica is the raising of bananas. This has been greatly developed by the United Fruit Company, which owns or leases about sixty thousand acres and takes the product from several thousand additional acres. This company employs nearly seven thousand men, and ships about five million bunches of bananas a year. The United Fruit Company, like the Standard Oil Com-

pany, is a distributor rather than a producer. Its monopoly consists in its remarkable service of collecting the fruit, paying cash, and selling it in New York, Boston, Philadelphia, Baltimore, and other points. Nearly every day the United Fruit steamers call at each little port, so that the native may always be sure of the most perfect system of shipment. Of course a good profit is charged for such a service. The natives receive only from twenty-five to fifty cents per bunch for these bananas, according to the time of year. The reliability and certainty of this service have given the natives a tremendous confidence in this company, and the same is true in Cuba and Costa Rica, where it also does business.

The company is now beginning merchandizing and is opening stores so as to sell goods as well as buy. They probably are doing this in order to have freight from the United States to the West Indies as well as from the West Indies to the United States. This policy should benefit the people. It seems to me that here is an opportunity whereby manufacturers may easily obtain a foothold in the West Indies, for it should be possible to make arrangements with the United Fruit Company to exhibit and sell United States goods.

Other than the banana industry, cocoanut raising seems to be profitable in Jamaica. As a large part of the island is dry, and cocoanuts need less moisture than bananas, it is probable that more cocoanut plantations will be started in the future.

The principal city of Jamaica is Kingston, on the southern coast, with a population of sixty thousand. This place has been practically rebuilt since the earthquake of 1907, and now appears as a modern and prosperous city with a half-decent harbor. Its stores,

hotels, government buildings, and commercial houses are worthy of a northern city. Kingston is the center of a network of automobile roads, which gives it a still further advantage, such as its climate and agricultural possibilities do not deserve. The city is the commercial center of Jamaica, but this is all.

The northeastern part of the island is far more attractive, while the most beautiful scenery is in the center, where the mountains abound. Land is fairly high in all accessible rainfall portions, averaging from one hundred and fifty to three hundred and fifty dollars an acre. Land distant from the railroad or coast can be purchased for from five to fifteen dollars an acre.

Trinidad

Trinidad is the most southerly of the West Indies, lying close to Venezuela. I arrived on a Saturday night at Port of Spain, and of all the quiet places for a city of sixty thousand, this was the limit! On Sunday, however, the people seemed to wake up a little, and on Monday they really seemed seriously to consider work. The population of the island, about three hundred thousand, is a mixture of English, Spanish, and negroes, with the last-named in an overwhelming majority. The situation is further complicated by the introduction of coolies from India under an indenture system. Under this system, if an English planter of Trinidad desires a hundred coolies, he provides barracks for them and their families, supplies the passage money, and agrees with the English Government to pay and care for them for a period of ten years at about twenty-five cents a day, on the condition that he is to have their

services exclusively during these ten years. At the end of the period, the coolies are free to return home or work for someone else.

Often the coolie saves enough during twenty years to enable him to buy a small plantation of his own. Some of them have become prosperous and useful citizens, while thousands have made enough to return to India and live like princes. They live better than our negroes, and are far superior to them in morals, intellect, and industry.

In this island of Trinidad is located the famous Pitch Lake, from which has come the asphalt that has paved so many of our streets. In addition to the pitch, oil is now found on the island. If this is good oil, it will be greatly appreciated, for I have found that in most of the islands of the West Indies, gasoline sells at outrageous prices, while all the coal is imported from other countries.

Land is high-priced in Trinidad. I have found no good plantations for sale at less than two hundred dollars an acre, and some owners want double this amount. On the other hand, the market is very narrow and it is almost as hard to sell as it is to buy. There is just enough Spanish blood in these people to make them good traders. In fact, a combination of Indian, Spanish, and English is pretty hard to beat. What business United States citizens have done in this island has usually been transacted through commission merchants. Concerning this practice, one of the merchants in Port of Spain said:

"Why don't your manufacturers send their own men instead of depending on agents? Commission houses do the best that they can, but they cannot afford to

spend time in pushing the sale of any line of goods. The average commission agent gets only from five to ten per cent. from your manufacturers on such export business.

"Hence to make a go, they must get from two to five per cent. from the local buyers. This is very unsatisfactory all around. If you will send down your own men, you can study the market. Why, the Germans are now even manufacturing for us antiques and relics! They have their own men who learn what we want, who find out whom of us to trust, and they get the business."

The Barbados

The Barbados are commonly called Little England. The main island of the group is only twenty-one miles long and fourteen miles wide, with a total area of one hundred and sixty-six square miles. As the population is two hundred thousand, or about twelve hundred per mile, it is one of the most densely populated countries in the world. The great majority of the people are of African descent, and less than ten per cent. are white. Considering the great majority of blacks and the intense loyalty of these people to England, it certainly speaks well for English methods of colonization. This island is fairly healthful, with little swampy land, and is swept by strong sea breezes day and night. As a result, the principal industry is that of a health resort. The temperature of the winter season ranges from seventy to eighty degrees, and of the summer season from seventy-five to eighty-five degrees.

All kinds of tropical fruits abound; but the principal crop is sugar, the soil being especially adapted for the

sugar-cane. Low prices of sugar cause the planters to turn their attention to cotton, indigo, and fruits, which have been neglected heretofore. But in a general way, the people are absolutely dependent upon the sugar crop.

In the Barbados it is a question of working or starving, and the Barbadian negro is the most industrious and reliable of his race in the West Indies. In other islands, the blacks can exist independently of the plantations, as they have their own grounds for cultivation, obtained either from the government or by squatter's license, from which they derive a mere living with a minimum of labor. In the Barbados, however, there is no land available for the poor man to cultivate, all the holdings being in the planter's hands. There are no Crown lands, and as yet no abandoned estates which can be squatted upon. Hence the problem that confronts the people when the sugar crop is a failure.

All land suitable for crops is in a high state of cultivation and sells at from two to three hundred dollars an acre. How long the present state of affairs can continue is uncertain. Either these negroes will some day revolt and demand land, or else their economic habits will enable them to migrate to other islands and absorb them. There are no mining operations in the islands excepting for a small product of pitch, although there is said to be a large supply of petroleum beneath the surface.

The one port and commercial city of account is Bridgetown, which has only a small harbor, where it is difficult to land. Notwithstanding the commercial disadvantages in this way, there is still considerable com-

merce, and the exports are heavy. The imports are not worth considering, and although Great Britain consumes only about one sixth of the exports, she has the advantage of one half of the imports. However, Canada is developing an important business with the Barbados.

I see no opportunities for the American in the Barbados. Not only are the people prejudiced in favor of the English, but there is no vacant land, the country is overflooded with blacks, and Bridgetown, although busy and active, is certainly a dirty, dusty, and uninteresting city. In order that I may not seem prejudiced against the place, I give the following comment from a local guidebook:

"About twenty-five thousand of the island's total population reside in Bridgetown, but the stranger landing here for the first time might be excused for supposing that fully one half the blacks of Barbados had congregated here, for they fill the streets and squares, as well as swarm upon the wharves and sea front generally. According to the universal testimony of travelers, one may see in Bridgetown relatively more white people than in most of the islands, although they compose less than one tenth of the population. One is jostled in the streets by horses, mules, and donkeys, but the big black men are the real beasts of burden and haul carts containing hogsheads of sugar as though they weighed but pounds instead of tons."

They are all busy, however, there being much less loafing than in any other place I have visited. As they must work, they perform their tasks with good will. Always hearty and good-natured, though independent and insolent toward the white people, the blacks of the

Barbados are the best workers in the West Indies, and as such are in great demand in other islands. As already indicated, however, at present they would rather labor in the Barbados on starvation wages, which are down to twenty-five cents a day for stalwart men and twelve cents for women, than migrate. How long this will last is a question.

Martinique

As I have said, the islands of the West Indies are simply the peaks of mountains, all of which are the result of volcanic disturbances. Nearly every island gradually rises from the seacoast to an elevation in the center, which usually consists of a high mountain. In most cases, the volcanoes are nearly extinct, but some of them are yet grumbling. A few years ago one of them — Mount Pelée — suddenly broke forth and practically wiped out the city of St. Pierre with thirty thousand inhabitants. At the present time there is nothing in St. Pierre to interest any one. The city is as barren as an abandoned granite quarry, and reminds one of Pompeii. The place is under police control; and even to-day the ruins are being searched for remains of relatives and property. Two or three streets have been excavated, and some half-dozen temporary buildings erected; but otherwise little has been done. However, it is interesting to see what sunshine, rain, and balmy breezes will accomplish, for vegetation is already slowly creeping toward the city, and sugar-cane is being raised in the rich ashes which fell during the eruption. The city will probably never be rebuilt, although cultivated fields will again abound.

The real city of Martinique is the capital, Fort-de-France, with a population of twenty-five thousand. This city is built on a deep bay which serves as a French naval station. As the Barbados are English in fact as well as in name, so is Martinique French from every point of view. The government is French, the names are French, the ways of the people are French. Most of the people living in the country around St. Pierre went to Fort-de-France after the earthquake, and the city has changed more or less since that time. The landscape about Fort-de-France is pleasing, and as well-built roads extend from the capital in many directions, it may be made the place of departure for points in the interior and the Windward Coast country. The interior has a number of small and interesting towns, and the total population of the island is about two hundred thousand on an area of only three hundred and eighty square miles. It is obvious, therefore, that Martinique offers few opportunities for the American, especially as most of the population is black. Briefly, the island has all the disadvantages of the Barbados and none of the advantages. Moreover, many believe that Mount Pelée is not yet exhausted and may again break forth.

The Virgin Islands

Of the Virgin Islands, St. Thomas is the only one at which large steamers make port. This island is thirteen miles long and only three miles wide. It has a good harbor, deep and landlocked on three sides by hills. The chief port of this island is Charlotte Amalie, and it is considered to be one of the best in the West Indies. The town is built on the hills and is most picturesque.

The houses are mainly of stone with red-tiled roofs, some having tropical gardens attached, and thus white-walled houses and palms and bananas are interspersed with lanes and stone steps which climb the hills and meander through the gullies. Most of the population of St. Thomas lives in Charlotte Amalie; this numbers about thirteen thousand, composed of both the black and the white races. Although the island is Danish, the prevailing speech is English. The town once served as an important commercial port, but shipping has fallen off greatly, owing to the few native industries now carried on and the fact that there is no agriculture to fall back upon.

I do not see much of a future for St. Thomas to attract any one. The antiquity of the place, its old fort, its traditions connected with the pirates and buccaneers are pleasant to dream about, but its small size and its agricultural limitations discourage the American from going to this island with the hope of a bright business future.

Another interesting island is St. Vincent, located only thirty-one miles from the Barbados. It is eighteen miles long and eleven wide, with a total area of only one hundred and forty square miles. This small area contains almost every kind of soil and physical condition, such as hills and mountains, ravines and rivers, together with precipitous cliffs. That it is of volcanic formation does not need to be told, as the reader will recall the terrific explosion of its Soufrière in 1902, which killed more than two thousand people. The island has but one port at which steamers call, that of Kingstown, on its leeward coast, a clean, tropical-appearing, self-respecting city of about five thousand inhabitants.

The earthquake laid waste about a third of the island. To a certain extent the land has been reclaimed, but the place is still the center of a very volcanic district. The greatest sufferers from the eruptions have been the Carib Indians, descendants of the original inhabitants. They are a very poor people who are unable to support themselves or to be of much service. The entire population of the island, including these poor Indians, is only fifty thousand, and of this number less than one tenth are white. The white population has steadily dwindled for years, and most of those left are Portuguese.

The resources of the island are more than sufficient to satisfy twice its present population. Many of the sugar plantations, and they once formed a fertile belt around the island, have been abandoned through apathy and indifference. Arrowroot is also cultivated, but the price is usually low, so that the natives can no more avoid discouragement than can the manufacturers and merchants of New York during a financial depression.

The Bahamas

Like others of the West Indies, the Bahamas were discovered by Columbus. They consist of a group of several hundred islands, stretching over six hundred miles. The principal one is known as New Providence, and upon it is located the capital, Nassau, mainly a tourist resort. These islands are all of coral formation, constructed on the top of land only slightly covered with water. Had Florida been a few feet lower in elevation, it would have been only a great cluster of islands like the Bahamas; while if the elevation of the Bahamas

had been slightly greater, they would be a part of the United States — an extension of Florida.

There is little to see at Nassau and little business. The principal exports are sponges and turtles, and if living there I would make a specialty of one or the other. Very little is known about either of these products, especially about sponges, and this industry, therefore, offers a future to some one who will study the ages, habits, methods of propagating, and other characteristics of the sponge.

In addition to turtles and sponges, baskets are in evidence, while the ever-present banana is also to be found; in fact, some fine fruits are now raised in the Bahamas, especially the pineapple, grapefruit, and cocoanut. The climate is especially attractive. Although warm in the sun, there is a crispness in the air which the other islands seem to lack. Without the life-giving trade winds, Jamaica and the Barbados would be intolerable for North Americans. The Bahamas, however, apparently have all the advantages of the other more southerly islands of the tropics without many of their disadvantages. One could live in the Bahamas without deteriorating physically, mentally, and morally.

Nassau is owned by the English, and English is the common language. Another advantage is that enough white people live there to provide society for one another; but with such a density of population as is common to all the islands mentioned in this chapter, I fail to see how their future will differ much from present conditions.

CHAPTER VI

Panama

Of course to most of us, "Panama" signifies the "Canal," but we should not forget that there is also a considerable republic whose sovereignty as a separate and independent nation we guarantee, and which offers trade and development possibilities. To one who has read of the great engineering problems successfully solved in the construction of the canal, its present appearance will prove a disappointment. As a matter of fact, the canal proper now looks much less interesting than do many rivers in your own State. It appears to be simply a dirty stream of almost stagnant water, only some two to six hundred feet wide, lying in the midst of a swampy and uninteresting country. The only interesting portion is the great locks and the Gatun dam. The locks, however, are worth seeing. They are massive granite structures one hundred feet high, one thousand feet long, and one hundred feet wide. There is a set of locks about six miles from each end of the canal. In each set there are three locks for ships going west and three for ships going east. This makes three twin locks in each set, or twelve locks in the entire canal. These locks are separated by great iron gates, weighing thousands of tons each, all electrically operated. Gatun Lake makes up about half of the canal. It is twenty miles long and averages about eight miles wide. The

total length of the canal is about forty miles. The creation of this connecting link between the two great oceans is one reason for the increased commercial importance of South America to the United States, and the following table gives a clear idea of the changed distances which the canal has created:

	Present routes, miles	New routes via Panama Canal, miles	Saving of mileage
London to —			
Honolulu	13,987	9,499	4,488
San Francisco	13,814	8,059	5,755
Vancouver	14,614	8,859	5,755
Valparaiso	9,044	7,397	1,647
New York to —			
Honolulu	13,531	6,723	6,808
San Francisco	13,358	5,289	8,069
Sydney	13,051	9,704	3,347
Vancouver	14,158	6,089	8,069
Valparaiso	8,588	4,627	3,961
New Orleans to —			
Honolulu	13,697	6,131	7,566
San Francisco	13,775	5,197	8,578
Vancouver	14,575	5,497	9,078
Valparaiso	9,005	4,035	4,970

While Cuba is the largest of the Central American and West Indian countries, Panama is one of the smallest, for although about four hundred miles long, it averages only seventy miles in width. In fact it is about the size of the State of Indiana. It has, however, a very extended coast line which to a considerable degree compensates for its small size. Furthermore, while Cuba is the nearest to us, Panama is the farthest away of any of these countries. It is the most southerly of the

Central Americas. The country of Panama is crooked, like the letter "S." The canal is located in about the central portion in a strip of land ten miles wide, known as the Canal Zone, which is the absolute property of the United States. For this land Panama was paid ten million dollars in gold in addition to the forty million dollars which we paid the French Canal Company. We also pay Panama two hundred and fifty thousand dollars a year rental. But here comes one difficulty. Practically all the business of the Panama nation is carried on and certainly nearly all the intelligent people live in the cities of Colon, on the Atlantic, and Panama City, on the Pacific. Yet these two cities are almost within the Canal Zone, which is under United States supervision, and which has certain control of sanitary, police, and other matters.

But this is not the worst of the situation. Americans and others going to this new country have started to build two new cities adjoining the old, and it is difficult to tell where the old end and where the new begin. The new American city adjoining Colon is called Cristobal. The new American city adjoining Panama is called Balboa. In these two new cities are the great docks, warehouses, and public buildings. The results of this complicated situation may some time become embarrassing. Not only does much competition exist along many different lines, but the new cities are growing much more rapidly than are the old ones.

The general impression is that the weather of the Isthmus is terribly unhealthful. We think of the tremendous rainfall, amounting to about one hundred and thirty inches a year, which is three times the rainfall of New England and our central west. Knowing that the

farther south one goes the hotter it is, we naturally think it must be frightfully hot in Panama. It is true that the rainfall in Colon is very heavy, but the heat is not excessive. It is not much hotter there in summer than it is in winter. When the sun's rays (in June) are at their most northern vertical point, they are falling at practically the same angle on Panama and Philadelphia; while during our spring, when the sun's rays are absolutely vertical over Panama, the angle is not enough more direct to make a great difference in the climate.

The fact is that it is warm in Panama all the year long. The hottest weather there is during our springtime, but during June, July, and August it is not any hotter in Panama than in the United States. The great danger in tropical countries comes from excessive rains or swampy low lands.

Only those who visited Colon and Panama City a dozen or more years ago can realize the tremendous improvement in the health conditions and comfort of these cities. When I was first down there, I was walking along a fine macadam street in Colon with a gentleman who told me that eight years before the mud and water in this street had been a foot deep.

Said he: "The sidewalks consisted simply of railroad ties laid crosswise. We would step from one of these to another to get out of the water and filth. One evening I missed my step, and instead of putting my left foot on the next railroad tie, I put it directly on the back of a crocodile! You have no idea of the conditions then existing. The death rate, which is now only about sixteen per thousand, was then about fifty per thousand."

Most people make the mistake of thinking that South America is directly south of North America, and that Panama is south of our central west. The truth is that South America is east of North America and Panama City is directly south of Buffalo. Valparaiso, Chile, on the west coast of South America, is directly south of Boston, both being approximately on the seventieth meridian. The canal does not run east and west; when a steamer enters it at Colon, it goes through southeast to the Pacific Ocean.

Owing to the strategic location of Panama and its value to the United States Government, it should continually grow in importance. Its location is especially well adapted for trading purposes, and opportunities are to-day being rapidly seized by the Chinese, who make fine merchants. Even in Jamaica, which has been owned by the English for two hundred years, over eighty per cent. of the stores are operated by Chinese.

The location of Panama tends to make it a very cosmopolitan place. In a short walk one may see at least twelve nationalities — Americans, English, French, Chinese with their pigtails, Hindus wearing combs, and real Indians from the interior; then there are Spaniards, Germans, and Dutch, together with various grades and varieties of negroes. There are three great cemeteries in Panama — the Christian, the Hebrew, and the Chinese — in which graves are rented instead of sold. The form of government is almost identical with that of the United States. The population is estimated at about three hundred and fifty thousand, of which fifty thousand are Indians and one hundred thousand negroes.

The city of Panama-Balboa was founded in 1673. In

1773 it had a population of about eight thousand, and to-day has about forty thousand. The city of Colon-Cristobal was founded in 1850, when the Panama Railroad was started. In 1904, when the United States engineers went there, the population was ten thousand, about nine thousand of them living in houses perched on stilts. The population to-day is about twenty thousand.

The principal industry of the republic is trading in the cities, and cattle and cocoanut raising in the country districts. Panama has land of all altitudes. There is a mountain range of from four to seven thousand feet in height in Darien, and in the province of Chirique are mountains eleven thousand feet high. Although the interior has been little explored, it is believed that there are good mineral deposits. There are also timber tracts and some water-power possibilities.

What North Americans are doing in the thirty thousand square miles of the Republic of Panama is a story about which comparatively little has been said or even known to the world at large. The North Americans in the cities do not come into close contact with the people of the republic. They live apart; neither speaks the other's language to any great extent, nor tries to do so. This is doubtless one reason why our people are no more popular with Panamanians to-day.

In looking at the business and life of the Republic of Panama, it is, unfortunately, necessary to exclude the American foreigners from consideration. Except for the one connection existing through the desire of the native people and merchants to share in the benefits of the buying power of the canal wages, there is little other interest in them. Even this point of contact is more

apparent than real, for the United States commissaries supply most of the needs of their employees. The native and local merchants, therefore, must fall back on the tourist trade, for neither American tourists nor even resident Americans, not of the canal staff, have any privileges of Uncle Sam's commissaries. Leaving out of consideration the Americans in the Zone because of the canal, and turning to the republic itself, and what part Americans play in its business activities, let us look first at the cities of Panama and Colon.

In these two cities, one finds little that is familiar. Each has a branch of the International Banking Corporation of New York, managed by United States citizens. Panama has a large firm of North American contractors, a firm of dentists, of lawyers, and a handful of business enterprises, for the most part small. A doctor from our States is the head of the local hospital (San Tomas Hospital). One must hunt for most of these, however, in a city that is Latin-American in speech, customs, and traditions. There is a tramline backed by North American capital. Colon has an "American" trading firm, dealing largely in lumber and cocoanuts.

Judging from these cities, one would say, if there is any activity by our people in Panama, it must be out in the country. But aside from the extensive banana plantations of the United Fruit Company, at Bocas del Toro, on the Atlantic side, with a good-sized American staff, thorough search reveals little American activity. As to just what is being done by other interests, I quote from a letter from one of the best posted men in the United States on Panamanian industries:

"The Pacific coast of Panama, by reason of its more comfortable climate, is likely to prove the most attrac-

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INDIAN DUGOUTS ON THE CHAGRES RIVER BRINGING BANANAS TO GATUN, PANAMA

tive to Americans, as well as others, both foreign and native, and it is on this coast that the greatest general development is likely to be found.

"An American runs a line of small boats from Panama City to Pacific ports of Panama, carrying cargo and passengers, and doing a trading business. In Chiriqui Province, near the Costa Rican border, the Panama Government is building a fifty-two-mile electric railroad, to connect David and several small interior towns with the seaport town of Pedregal. A local American contracting firm is doing the work. There are already a few American ranchers in this district, which on the low lands is noted for cattle raising, and higher up, back from the coast, for its fine coffee.

"On the Pacific coast, between Panama City and the Costa Rican border, at various points, are found a number of Americans engaged in cocoanut raising on a considerable scale. An American company has two thousand acres in this fruit. Another has five hundred acres, and there are several others smaller. Americans are also planting cocoanuts on the Atlantic coast, one being a Philadelphia firm, with property near Bocas del Toro. A cocoanut company, owned by local capital, largely American, is being operated near the San Blas coast, which is between Colon and the Colombian coast.

"The country of the republic is primarily agricultural, and cattle raising in the Chiriqui district and cocoanuts on both coasts are the most logical forms of development. Americans thus far are monopolizing the latter, and likely to continue to do so, for Panama, of all tropical countries in the world, grows the best and high-

est-priced cocoanut. This, coupled with the advantage of traffic conditions, by reason of the canal, makes it strategically the foremost of all countries for this important and rapidly increasing industry. Better shipping facilities on the Pacific coast are likely to see increasing industry on the part of Americans as well as others during the next few years."

I know but little about cocoanuts, but it has seemed to me that this is a coming business. During the past twenty years I have watched the development of orange groves, rubber plantations, and the like. It is known that most of those who get into such things in the early stages and have had sense enough to sell out as soon as the industry becomes popular, have made considerable money. It has looked as if the cocoanut industry would have the same general history, and I believe that certain good opportunities exist to-day in Panama for its development.

I further believe that those who now buy the actual land and personally attend to the planting and development of the trees should make considerable money, provided they sell out when the industry becomes popular. This last suggestion, however, is very important for readers to remember. The day will come when cocoanut planting is overdone, the same as have been rubber planting, the development of orange groves and pineapples. At that time the temptation to buy more cocoanut land, and especially to hold what land one has, will be very strong. The wise investor, however, will not only insist on taking his profit at that time, but, to be sure of his profit, should take it before that time comes. Moreover, one should be very sure that the land in which he invests is prop-

erly located and under an honest and intelligent management.

Most of our people think of cocoanut palms merely as a highly ornamental feature of the tropical landscape, and have a vague idea that their fruits are chiefly useful in furnishing food to the people who dwell beneath them. We do not realize that cocoanut oil, extracted from the meat of the nuts, forms the basis of nearly all high-grade soaps; but this is the case, and the demand for it for soap-making purposes is rapidly increasing.

There is now a still larger and more urgent demand, due to the discovery that from it can be made excellent substitutes for butter and lard. So great is the world's need of food fats that the available supply derived from animals is no longer adequate, and present indications are that the prices of such fats will steadily rise, in proportion to the increased demand for meats. Cocoanut oil is especially suited to fill this need, because of its comparative cheapness and its absolute freedom from the disease germs with which animal fats are liable to be infected. Food products made from it keep for a long time without deterioration. Many people believe that cocoanut butter and lard are destined to take the place of animal butter and lard. Recently cocoanut oil has been used as the basis for the manufacture of a "condensed milk" said to be chemically indistinguishable from condensed cow's milk, and it is said that an excellent cocoanut oil "cheese" will shortly be placed on the market. Cocoanut butter and lard are easily digested. The butter is not open to the æsthetic objection entertained by many persons toward so-called "oleomargarine" made

from animal fats, while the lard is highly appreciated by Mohammedans, whose religion forbids their using hog products.

Copra consists of the dried meat of cocoanuts, and from it, by the use of heat and pressure, cocoanut oil is obtained. The world's consumption of copra has increased from 372,500 tons in 1909 to about 600,000 tons to-day, and the imports of cocoanut oil into the United States have grown from 21,650 tons in 1911 to about 40,000 tons. For many years the demand for cocoanut oil has increased more rapidly than has the supply, with the result that prices have trended quite steadily upward. The new and important uses recently found for this valuable product may favor a continuance of this movement. Copra is a product which can be shipped to Europe or the United States. Its price is governed in the long run by the conditions which determine the price of cocoanut oil.

While cocoanuts will grow at altitudes from sea level to three thousand feet above it, some regions and soils are much better adapted to their production than are others. Drought seriously affects the setting of the young nuts, and if long continued, and severe, may even kill many of the leaves. Although an abundant and evenly-distributed rainfall is highly important, water must not stand around trees long enough to stagnate, or it will harm them. Trees freely exposed to strong breezes and moderate winds often do better than those from which air currents are cut off, but violent windstorms throw down the young nuts, injure the leaves, and if of very great intensity, may even uproot the trees themselves. While cocoanut trees will live and produce fairly well both in pure beach sand and in stiff,

heavy clay, if other conditions are favorable they do best in a light rich soil near the ocean.

The principal drawback to cocoanut raising seems to be the "rot" which attacks different sections at different times, and which within a year will kill an entire grove of trees. The uncertainty about this "rot" makes the raising of cocoanuts a speculation rather than an investment. If wonderfully rich soil bears a rank growth of vegetation, heavy clearing operations may continually be necessary; but if the "rot" is avoided, the increased returns during a single year after a plantation comes into bearing will far more than repay the additional first cost involved.

Concerning further details, I quote from the Honorable Dean C. Worcester, former Secretary of the Interior of the Philippine Islands, who is one of the best-informed men in the world on cocoanuts. He says:

"Cocoanut trees suffer comparatively little from insect attacks unless growing near sugar plantations where the rhinoceros beetle breeds in the waste from the cane mills. Money invested in a properly situated and well-established cocoanut plantation is like money in the bank, except that the rate of interest obtained is far larger than any bank will pay. The trees attain to extraordinary age without losing their productivity, and one who plants a cocoanut grove is providing for one's children's children.

"There is no special harvest time, bringing with it a rush of work, and calling for the temporary employment of a large additional number of laborers. Under favorable climatic conditions flowers and mature nuts are found on the same tree. The ripe nuts should be harvested every three months, and with a force of la-

borers adequate to cover the entire plantation during this period, harvesting becomes a continuous operation, giving the laborers steady employment and distributing the receipts uniformly throughout the year.

"The returns per acre from a good cocoanut plantation are very large. Where the soil is rich, not more than fifty trees should be planted to the acre. Adult cultivated trees will average nearly a hundred nuts to the tree, or about 5,000 to the acre, per year. Good nuts give five piculs of copra to the thousand, and an acre will yield gross receipts of $125, with the selling price of high-grade copra at $5 per picul. I allow a total gross cost per acre per year of $35.15 on 2,400 acres in full production. This includes deterioration on plant and equipment, and is a liberal estimate."

As the future of Panama depends so greatly upon its relations to the United States, I arranged for a conference with the President of the Republic.

"It is not you 'Americans' that we do not like," said he, "but rather your ways of doing things. There is a feeling that Americans come down here for what they can get, instead of for what they can do. Too frequently your countrymen want concessions to sell rather than to work. You Yankees are naturally traders, and not producers. The people of South America want Americans to come here to raise crops and not to raise prices."

This is the answer which he gave in reply to my question: "Why is it that the people of Central and South America do not like us North Americans?" I explained to him that many of my countrymen returning from Latin America seem very much disappointed, claiming that citizens of the United States are not well

treated, that the different governments are rotten with graft, that justice must be purchased, and that the police system in every country is a farce.

I had already learned why North Americans are less popular than Germans. The Germans send young men over to South America before their habits are formed. These young men not only learn the language but adopt the customs of the Latin-Americans. They grow up with the youth of Latin America and become their friends. Manufacturers in the United States, however, do the opposite thing. The habits of our men are already formed when they get to these other lands, and many of them attempt to do business without even knowing the language, let alone conforming to the customs of the people.

Concerning this question of friendship, the President said:

"The nature of Latin-Americans is entirely different from that of your people. We think a great deal of friendship. Perhaps we expect too much from you. We know you are great and powerful; but you are not willing to give us the treatment which a man will give his sister. A man will not compete with his sister. You would not think of treating your sister or your daughter as you are treating us. A good brother loves his sister, and we want you to love us. We admire you, and it is only a step from admiration to love. We are now prepared to take this next step; but are you?

"Every small nation pines for friendship as does an individual. Owing to our language and history, it would seem natural that we look to Spain; but Spain is now but a memory. For business reasons, it might

seem wise for us to appeal to England, France, or Germany; but at present this is impossible. Therefore we turn to you. Remember, however, that it is not so much your money and trade that we want as it is your love and confidence. This may be incomprehensible to your hard-headed commercial men; but it is absolutely true. Moreover, it is a truth which your people must comprehend before we shall ever really like you — I mean, before we shall like your ways."

Thereupon the President stood up and put his arms affectionately around our able United States minister, who was embarrassed for a moment, but, like the true diplomat he was, made no resistance.

Referring to this incident, a prominent New York lawyer who accompanied me that day told me, after we left the palace, of an experience he had in the same line. Some few years ago, he won a case for Venezuela, and the first time, after the verdict, that the minister from that country met my New York friend happened to be about one o'clock, on Wall Street, just as thousands of people were going to their luncheon. But the number of spectators made no difference to the distinguished Venezuelan. He threw his arms about the lawyer and covered his face with kisses.

Of course, this custom seems absurd to a practical, cold-blooded citizen of North America; but I am not telling of it to amuse any one. I mention it only to help readers of this book to grasp a fundamental characteristic of the Latin-Americans. Furthermore, let me add that until we reach a point where such signs of affection arouse within us admiration instead of amusement, we shall not have much influence in South or Central America.

When one considers our investment of four hundred million dollars, which has caused both the birth and the boom of the Republic of Panama, it is at first inconceivable that the people there are not more grateful. In 1904, when we went there, the isthmus was one of the most unhealthy spots on the globe, and both Panama on the Pacific and Colon on the Atlantic were miserable little towns. To-day, the death rate of Panama is less than that of Pennsylvania, while the two cities named have doubled in size, usefulness, and attractiveness.

Moreover, not only did the Republic of Panama receive from us ten million dollars in gold (over half of which is still invested in New York real estate), but we give them an annuity of two hundred and fifty thousand dollars a year. I asked President Porras just what things now stand between the two nations, and he cited four. Said he:

"First. Some of you Americans have been very sharp with us. I often wonder whether we see the best of your business people down here. We see your great military men; but do we meet your great financial men? We want to love and trust you. We do not want to feel that we must watch you at every turn.

"Secondly. We feel that your commission department is unjustly competing with us. If our merchants ask extraordinary prices, or do not sell good goods, your government may be justified in competing with us; but not otherwise. Every man doing business is entitled to a fair profit. What chance have our merchants, or even our entire little republic, in competition with a great nation like yours?

"Thirdly. We feel that the Panama Railroad, which

is owned and run by your government, is being operated extravagantly, and that our people are being forced to pay the bills. The fares are five cents a mile. The freight charges are high. The methods are sometimes very arbitrary. You seem to show us Panamanians very little consideration. Again I ask you to remind your readers that we are a little nation, and that you are great and strong. Should not you therefore be all the more careful to be just and fair?

"Fourthly. We ask you to keep your towns of Balboa and Cristobal for the exclusive use of the canal employees. Of course, when we made our treaty with you, we never dreamed that you would start these two American cities. We supposed the Panama Republic would have the benefit of all the growth coming from the canal. Here is where you fooled us. Very well; this is done. But do not carry it too far. Do not rob us of taxes by permitting companies to locate their offices in the Canal Zone. Keep this strip of territory exclusively for active employees of your government.

"These are four specific grievances which are sure to cause trouble if not remedied. But, most of all, such things cause us to fear you and your government. We wonder if every year you will do something still more arbitrary. We are worried perhaps even more by the fear of what you may do than by what you have done."

There are two reasons for studying conditions in Panama, namely:

1. Panama is the one nation on the American continent with which the United States has direct influence, backed by an iron-clad treaty which was prepared by the Honorable Elihu Root. In this treaty, we not only secure absolute control of the Canal Zone, a strip forty

miles long and ten miles wide, but we also guarantee the sovereignty of the Republic of Panama.

2. Panama has the best strategic position of all the Central and South American republics, and yet is the least developed. Although it has only the area of Indiana, it has an average length of four hundred and fifty miles — equal to the distance between Boston and Baltimore — a coast line of nearly a thousand miles — or about one third the total Atlantic and Pacific seaboard of the United States.

Concerning these two features, the President said to me:

"The Republic of Panama offers to the citizens of your country the greatest opportunity imaginable. Not only are your relations with our government such as should insure protection to your investments, and even prevent revolutions, but the opportunities here are marvelous. Here we are located at the meeting of the world's two greatest oceans and two great continents. Here nature designed should be located the world's greatest city. Here should be the market place for the peoples of the east and the west, the north and the south.

"Nature has been bountiful to us, giving us a wonderful climate, an abundant rainfall, and everything that goes to make an industrial nation. We have coal, iron, and other minerals, great timber forests, and immense, undeveloped water power. All we now need is affection and capital, to make the rose blossom where now the cactus flourishes.

"But what do you do?" continued the President. "Do you grasp this great opportunity? No; instead of sending to us farmers, you send only soldiers; instead

of shipping seeds for our fields, you forward only shells for your guns. Your country is not in any degree developing the immense industrial and commercial possibilities of our republic. Apparently you are interested in developing here only a strong naval and military station such as England has at Gibraltar. You seem to look at everything from a military point of view. Whether our congress considers railroads, or other development plans, your only question is, how will it affect your defenses of the canal?

"And yet, what do these defenses amount to? Nothing, absolutely nothing. Your fortifications may be of use in preventing the entrances to the canal from being the first places captured. Even this, however, is debatable. To-day your ships have guns that will fire farther than the guns in these fortifications. Is there any reason why Japan or any other nation should not have just as powerful guns in its navy as have you? If so, is there any reason why a hostile force could not silence the guns which you are placing at the entrances to the canal? With your expensive coast line and numerous seaports to protect, your navy could not afford to maintain down here a sufficient force to guard these entrances.

"But assuming that an enemy could not take these fortifications, what would prevent him from landing troops on the shore and marching inland? Moreover, your task is not simply to prevent the canal from being captured, but rather from being put out of commission. To think that you could keep an enemy from sending two or three shells into these locks is utterly foolish. I repeat that your defenses are as nothing, absolutely nothing."

And then the President turned to me and said earnestly:

"How much better for your country if you would spend on industrial development in Panama at least a part of these millions which you are spending on military work! Here we have great resources. If you would help us develop our soil, harness our water powers, open our mines and market our lumber, great profit would accrue to you and to us also. Here is your great opportunity, and I ask you to repeat this message of mine to your friends in the United States. Tell them that although the millions which they are spending upon fortifications must be as nothing, either in case of war or of peace, every penny invested in the development of the country will return to them many fold."

Panama was known to the Europeans long before the Pilgrims set foot on Plymouth Rock, and even in those early days the importance of a direct westward route across or through the isthmus was foreseen. The main reason that enabled Panama to break the bonds that united her to Colombia was the latter's attitude regarding the completion of an inter-oceanic canal. The transaction of business was much retarded, and the revolutions of Colombia kept the isthmus in a state of effervescence.

It became clear that the French Company, in spite of constant extensions of time, would never complete the work, and in 1903 at a huge mass meeting of the people in the Central Plaza the City Council declared the independence of the isthmus, amidst the wild enthusiasm of the masses, but without any bloodshed. The United States was the first country to recognize this independence, for about two weeks after the secession from

Colombia a treaty was signed between our own nation and this new republic. From this treaty I paraphrase the following:

1. The United States guarantee the freedom of Panama as a republic and constitute themselves as defenders of its territory in case of conflict with any other nation, having the right to interfere in internal affairs only when a civil war or disturbances of the peace may arise that would endanger the work of the Canal or any other American interest.
2. The Canal is to become the perpetual property of the United States.
3. A strip of land ten miles wide, running on both sides of the Canal from the Atlantic to the Pacific, is leased for an indefinite time to the United States Government, for which the United States are to pay the Republic of Panama $250,000 a year. The cities of Panama and Colon are excluded from this zone, remaining as part of Panama territory.
4. The United States Government is to undertake and complete within a certain time the work of sanitation in the Canal Zone, including also the Panamanian cities of Panama and Colon.

Since her separation from Colombia, Panama has improved rapidly. Her government offices are now filled largely by her own citizens; schools have been opened and are constantly becoming better; roads with bridges over the many streams have been built, and it is expected that railroads will soon replace the old method of delivering goods on horseback. The building of railroads will naturally, as everywhere, be a most important factor in the development of Panama's resources.

Unquestionably, Panama is a land of the future, if she will adopt a free-trade policy. She has the best location in the world for developing a great free market. Her opportunity is commercial rather than industrial. To develop such a market, however, England's policy

must be followed. Panama is the key to the Pacific, and therefore a most cosmopolitan country, as all the races of the world may be found within her territory.

Her resources are many, stock raising and farming being the most important. On account of the rich soil, agriculture now offers most favorable advantages to capital. Bananas and sugar-cane are wild products. It is very common to see a bunch of bananas larger than a six-year-old child being sold for fifteen cents. Her forests are rich in many valuable woods.

Perhaps it is not generally known that the idea of the canal dates back to the time of Charles V of Spain (1528–1534), who gave orders regarding the project. Certainly if there is anything to be proud of in the way of human enterprises, I believe this achievement is that thing. Most of the success of the work is, without doubt, due to two men: Colonel Goethals, Chief Engineer of the Panama Canal Commission, and Colonel W. C. Gorgas of the Medical Corps, United States Army, Chief Sanitary Officer in the Canal Zone. In my own opinion, however, the building of the canal is due more to the Medical Corps of the United States Army than to the various engineers and statesmen.

Although to the European it may still be for many reasons more advantageous to travel by the Straits of Magellan, yet to American trade the canal is of the greatest importance. We can compete with Europe, bringing her eastern products more quickly to Guayaquil, Callao, and Valparaiso, since New York is seventy-five hundred, forty-four hundred, and thirty-eight hundred miles nearer to these ports, respectively, than is Liverpool. Against such advantages, there are, however, other important factors, viz., (1) The ex-

ports from these countries to Europe, whose value has been five times as much as to the United States, give the steamers enough for a return cruise to Europe; (2) the European capital, which has a strong footing in South America, as evidenced by many foreign banks, provides the necessary credit; and (3) the United States exacts a tariff from steamers passing through the canal.

The future is still reserving great changes in the world's commerce. The United States has solved a most important problem by digging the canal. Commerce will expand to the remotest regions, time and freight charges being greatly reduced. Cargoes from Europe will reach our Pacific coast much more quickly, and shipments to Asia can go by a "direct westward way," as Columbus thought over four centuries ago.

Meeting a friend on the isthmus, I asked why it was that I saw so few Germans in Panama. This reply came at once:

"The land laws are so bad, and the police and judiciary so rotten that the Germans will not come here. Take it from me, where you find the most Germans in South America, there you will find the most opportunities; where there are no Germans, there are no opportunities. The people of Panama, Colombia, and Venezuela are very difficult. The only one of these countries down here that has a satisfactory government is Costa Rica, and the better condition there is due to the fact that the Costa Rican government is controlled by a large United States corporation. Justice must be bought in Panama; and in every other Latin-American country, for that matter. The police are unreliable. The courts favor their own people and

are universally against foreigners. Bribery exists everywhere, and every man's hand is open. The people who are friendly with the government officials do well. Those who do not stand in with the government have big taxes."

Against the word of this man, I repeat what the President of the republic said to me as I was leaving the palace. It was this:

"Tell the people of North America that such stories regarding South America are false. We are of course young, and our people have not the education that your people have. Hence we make many more mistakes; but our hearts are in the right place. We want to do right. Just treat us as you would your sister, and cease exploiting us, and everything will go on well. Look at the opportunities of Panama, instead of at the sins. Think what possibilities for development you have here, instead of seeking chances for distinction.

"We have millions of acres of the finest sugar-cane land in the world, and yet we are now importing sugar. Therefore there are great opportunities in this line. Our land is unexcelled for tobacco. Land which is selling for two to three hundred dollars an acre in Cuba can be duplicated here for a few dollars.

"A great opportunity awaits those who will import good breeding stock, and raise cattle, hogs, and other livestock. We have fine grazing lands, suitable for raising millions of head of cattle, and yet we import our butter and cheese. Our people have the erroneous idea that cows cannot bear both calves and milk for the market. Your people know better. A great opportunity exists in the erection of dairies and the like. We are building a railroad, carriage roads, and a fine hos-

pital. This railroad is to open up the Chiriqui district, where some of your countrymen are doing so finely to-day. Along the line of this railroad are opportunities — and we shall build more railroads as soon as your government will let us. Finally, let me say that we have now a fine district in which your citizens can live when they come here. A beautiful suburb is being developed here at Panama City across the bay."

I believe that the future of Panama depends upon what tariff system is adopted. If she follows the trail of other Latin-American countries and erects tariffs either to secure revenues or "protect" her people, she will continue to be a struggling little republic for years to come. If, however, Panama will adopt the "open-door" policy, she can become the market place of the world. No place is better located to take from England her clearing-house trade. Everything favors Panama City becoming another London or Liverpool. If, therefore, the people will strive for such a result, the future of Panama is very bright.

However, whether you are considering Panama or Pennsylvania, don't throw up your job and move there, or invest money, until you have visited the place and investigated for yourself. Don't depend upon the eyes or ears of others when seeking opportunities either for work or investment.

CHAPTER VII

Venezuela

Venezuela is in a strategic position, as it is the northernmost country of South America. It is bounded on the north by the Caribbean Sea; on the east by the Atlantic, British Guiana, and Brazil; on the west by Colombia, and on the south by Brazil. It is interesting to note that the coast line looks just the same to-day as when Columbus sailed along these shores over four hundred and twenty-five years ago. In fact, my Venezuelan friends say that as he reached the harbor of La Guayra, Columbus "gave thanks to God who delivered him from so many troubles, still showing him new countries full of peaceful people and *great wealth.*" Whether or not Columbus put the "great wealth" in italics, I do not know, but in the quotations from his diary, which the Venezuelan people use, the last two words always appeared in italics!

Hence it appears that from the earliest days of discovery this land abounded in great natural wealth, and it is remarkable that the riches should have remained practically untouched during these four centuries. The fact can be understood only when we remember that these Spanish explorers sought the easy road to wealth. So where time and labor figured in an enterprise, it was left for future generations to work out. Moreover, the richness of the soil really

proves a hindrance to development, for the forest growths are so thick that they are almost impossible to penetrate.

Many people who have lived in tropical countries say that no country in the tropics can ever become a factor in world development. They insist that a warm climate makes any extended industry and commercial growth impossible. The very nature of the climate tends to laziness and causes men to seek a living without working. Therefore they try to get employment in political life rather than in industrial enterprises, and this is the fundamental explanation why revolutions have been such an industry of Venezuela as well as of certain Central American republics farther north.

Personally I cannot bring myself to agree entirely with these views. Venezuela, a country seven hundred miles long and six hundred and fifty miles wide, having an area of approximately four hundred and forty thousand square miles, about twice the size of France and as large as the whole of New England, New York, Pennsylvania, New Jersey, Delaware, Maryland, with several more States thrown in, is sure to become a source of wealth to some one. With the broad and fertile plains, the tremendous forest, and the various other advantages, the climatic conditions must give way to advancing commerce and industry.

The country itself consists for the greater part of low, level plains called llanos, cut off from the Caribbean Sea by mountain ranges. The capital, Caracas, is separated from its seaport town, La Guayra, by a mountain range over four thousand feet high. There are a great many small waterways and small streams in this country, all of which are insignificant when com-

pared with the Orinoco River, which is between six and seven hundred miles in length.

The llanos are flooded in the rainy season and sun-scorched in the dry season, being therefore sparsely populated. Higher up in the valleys between the mountain ranges, the climate is better and more healthful; consequently this region is the place of habitation for most of the population.

Travel to Venezuela has increased greatly in recent years, and every traveler returns home impressed with the commercial possibilities as well as the natural beauty of the country. As a result, I find that capital is already working its way to Venezuela and is slowly pushing several small railroads from the coast into the remote sections, while roads are being built so that the humble native is able to bring his products to market and buy goods with the profits therefrom.

The population at present is approximately two million seven hundred and fifty-five thousand, and in 1875 it was about two million. Immigration has fallen off during the past few years, and to-day only about ten per cent. of the population is white. When we consider that the people are crowded together in the mountain valleys, leaving the greater part, the plains, unsettled, it will be seen that the population has been increasing at about a normal rate. The few settlers on the plains are of Indian, Spanish, and negro extraction, but in the valleys we come to a higher grade, a more intelligent class.

The most important cities are Caracas, the capital; its seaport town, La Guayra; Valencia, and its seaport town, Puerto Cabello; Maracaibo, situated on the bay of the same name, and Ciudad Bolivar.

A former disadvantageous feature of La Guayra was that it was entirely open to the sea, having no protection whatever, but it is at present being developed by a corporation. On the other hand, Puerto Cabello is partially protected by an arm projecting to the north of the harbor. The city of Maracaibo is protected, as it is situated a few miles in from the Caribbean. There are other seaports of minor importance, but, generally speaking, Venezuela has no good harbors.

The custom regulations are very troublesome. There are no porters, all packages being carried to the custom-house by soldiers. These soldiers are prejudiced against carrying more than one package at a time, and you are charged so much a package. The people at the dock are not so scrupulously honest as those away from the coast, and it is very advisable to keep a watchful eye on your luggage.

The lower class of people in the seacoast towns are a mixture of Spanish and Indian blood, making them somewhat warlike. There is considerable crime, and although the death penalty has been abolished, there are said to be in use to-day, situated below the sea or swamp levels, dungeons in which criminals are kept preparatory to trial.

The occupations of the people depend almost entirely on agriculture. In fact, the prosperity of Venezuela at present depends upon its agricultural development. There is also considerable interest in mining, forest produce, and pearl fisheries. The mining operations and pearl fisheries are carried on by European and North American interests which have obtained valuable concessions from the Venezuelan Government.

The first thought which came into my mind when rid-

ing on the trains through Venezuela was: Why are not more cattle raised on the abounding, fertile prairies of the country? The land on both sides of the railroad from Puerto Cabello to Valencia appears superior to the finest cattle-raising land in the United States. How this warm climate would affect cattle I do not know; but it is not much warmer on these plains than in parts of Texas, and the summer weather on the table-lands compares favorably with the summer of Kansas or Nebraska. In the entire republic there are not more than two million cattle, while the plains cover about one third of the country, or one hundred and twenty thousand square miles. These plains should support fifty million. Moreover, no attempts are made at breeding, the cattle being small and thin. If some good stock were imported, it seems to me that Venezuela would offer a splendid opportunity in cattle raising.

Considering its proximity to this country, and the fact that it is practically on the great trade lines which are to be established through the Panama Canal, its cattle would command a higher price than those raised farther south. The nearness to the markets is an advantage which these northern South American republics possess, and which in many ways will some day offset the disadvantages of the climate. Every year food animals are becoming scarcer in the United States, and it will be only a short time before we must turn to South America. A young man can now go to Venezuela and at moderate cost acquire vast tracts of this prairie land. Such a man, surrounding himself by proper associates, might develop almost at our very doors a great and profitable industry.

Of course with cattle will come general farming. The

principal agricultural products now are coffee, sugar, cacao, vanilla, spices, fruits, and cotton. The principal forest products are rubber, fustic, divi-divi, and tonka beans.

The following lists show what is being raised and obtained from Venezuela at the present time and the various ports from which these goods are being exported:

Principal articles of export: coffee, cocoa, balata, cattle hides, gold, goat and kid skins, rubber, heron plumes (aigrettes), asphalt, copper ore, beef cattle, divi-divi, raw sugar, tonka beans, frozen beef, deerskins, sea salt, balsam of copaiba, pearls, cocoanuts, cotton, feathers.

Exports by ports: Maracaibo, Puerto Cabello, Ciudad Bolivar, La Guayra, Carupano, Cristobal Colon, Cano Colorado, La Vela, Puerto Sucre, Pampatar, Guanta.

As the exports of the country increase, so will the imports increase likewise, for almost every dollar which comes into the country is spent in buying manufactured cotton goods, flour, machinery, etc. In fact, the following list of imports for a recent year shows what is being brought into the country, and the list following that shows what ports are most enterprising in a commercial way:

Articles of import: cotton textiles, flour, medicines and drugs, rice, butter, wines, machinery, sewing, knitting, and embroidery thread, kerosene oil, hams and bacon.

Imports by ports: La Guayra, Maracaibo, Puerto Cabello, Ciudad Bolivar, Carupano, La Vela, Cano Colorado, Puerto Sucre, Cristobal Colon, Pampatar, Guanta, Imataca.

The interpretation of these lists shows that if a man

is going to the country for cattle raising or other productive purposes, he should go to Maracaibo or Puerto Cabello and work inland; but if he is going for commercial purposes, he should consider La Guayra first and then move on to some of the other towns which have a good export trade. La Guayra of itself does not amount to much, excepting as the port to Caracas, the capital, which is a few miles inland. I think the above tables are very suggestive of where it would be best to locate, and secondly, what industries are now being exploited.

At the present time, out of the total exports of about twenty-five million dollars, three tenths go to the United States, three tenths to France, two tenths to Germany, and the balance to Spain and the United Kingdom. Considering the imports, about one quarter come from the United States, about one quarter from the United Kingdom, about one quarter from Germany and France, and the balance from various other countries.

The coast low lands are very well suited for sugar cultivation, and to encourage the sugar-cane industry, the Venezuelan Government has refused to allow the importation of sugar. As is usual in every case like this, the sugar is of poor quality and high in price. Among forest products, rubber ranks first. As was the case with coffee some years ago, during the period of high prices there was a great increase in the planting of rubber trees. These trees are now bearing or will soon bear, and are flooding the market. As coffee and rubber are two of the most important articles of export, low prices for these products have a very depressing effect on business in general.

Divi-divi, another forest product, is the pod of a shrub, and contains a great amount of tannin, which

is used in tanning leather. The tonka bean is used in the manufacture of tobacco and the extraction of perfume. It is the kernel of the fruit of the sarrapia tree which grows wild in the thick forests near the boundary line of Guiana. Inasmuch as the bean is admitted to the United States free of duty, I believe that it might be profitable for men to learn how to develop this tree.

At the present time, the transportation facilities consist chiefly of steamers plying on the rivers. Venezuela is rich in rivers, and these are navigable for a goodly distance, besides possessing some valuable water powers. Railroads are a comparatively new feature. There are only twelve railroads in all, the shortest being five miles in length and the longest one hundred and eleven miles, which has the title of the "Great Railway of Venezuela." The railroad from La Guayra to Caracas is one of the most wonderful in the world. It is only twenty-two miles in length, but it zigzags along the mountain side, climbing to an altitude of thirty-two hundred feet and then dropping more than a thousand feet into the capital city. The total mileage of the railroads is only five hundred and fifty miles, while less than seven hundred thousand passengers are carried in a year. There are no electric lines except in the city of Caracas.

The merchants of La Guayra and Caracas have made a scientific study of the idea of improving the wagon road between the two cities. They have in mind the establishment of good roads for automobiles, hoping that eventually the method of travel between the two cities will be solely by motor vehicles. A few years ago decrees were issued for constructing several new wagon roads in the La Guayra district. These roads will

penetrate to the cattle-raising center, to the coffee and cocoa district, and to the sugar-raising district. Other roads have also been started running directly into the gold-mining district. This is a great step forward, because with good roads better machinery can be transported to the mines, allowing more economical methods of extracting ore. It is also proposed to extend the telegraph lines, which are under federal control, to the more important centers connected by these new roads.

The construction of these new roads should be opportune for our manufacturers of automobiles. In several of the consular districts, every automobile is now marked "Made in U. S. A." Heavy cars and trucks ought to find a good market. There are also developments in electrical circles and for all-day currents. At present they use electricity for lighting purposes only at night, but I feel that now is the psychological time for manufacturers of electrical supplies to begin selling campaigns in Venezuela.

Concerning this matter of automobiles, our consul at Ciudad Bolivar said:

"There are numerous openings for the sale of automobiles here, and United States manufacturers would do well to investigate the trade possibilities. Our cars are well known, and in fact every automobile in the place is of United States manufacture.

"Owing to the hilly situation of the town, horse-drawn vehicles are positively dangerous, and it is a foregone conclusion that automobiles will eventually replace them entirely. The streets are undergoing continual alteration and improvement, with a view to adapting them to automobile traffic.

"In spite of the opportunities thus arising, most

North American manufacturers are unrepresented here. It is impossible to obtain information about most makes of car. There are few garages or repair shops; nor are supplies of any kind to be had reasonably."

There has been a great increase in manufactures in Venezuela during the past decade. There are cotton and jute manufactures located near the seaport towns; also paper factories. The industrial development in every line has made an advance.

The foreign trade of Venezuela has been carried on by practically the same lines and the same steamers for years. The future service will be an improvement in both size and frequency of the ships now visiting this country, and the service from the United States ought to be greatly improved.

The financial condition of Venezuela is said to be quite sound. A short time ago, the total public debt, both internal and external, had been reduced to less than thirty-five million dollars. Interest payments and installments of principal have been met punctually on most loans.

One great drawback in Venezuela has been the failure to protect foreign capital, and the country has been in constant trouble internally and externally. It has had difficulties with Holland, England, Germany, and Italy, which the United States, although also treated badly, adjusted by arbitration, and succeeded in getting payment for some of the foreign investors. In 1908, however, as a result of Venezuela's repudiation of a Dutch loan, Holland blockaded the country and destroyed the navy. However, with the removal of Castro, things improved somewhat, but there have been constant internal troubles since that time.

When people began to talk with me in Venezuela about concessions and the laws of privilege I was rather at sea as to what they meant. Hence for the benefit of readers I herewith give the particulars concerning them.

The Venezuelan law of privilege for unexploited industries, adopted May 31, 1913, and approved June 13, provides that such concessions are open to public bidding under conditions outlined in the measure. Following is a translation of the main provision of the law:

Article 1. The Federal Executive, in conformity with Article 23, section 8, of the national Constitution, may grant temporarily exclusive privileges to those who establish an unexploited industry in the country.

Article 2. The Federal Executive may concede such privilege for periods of five to fifteen years, according to the nature of the industry and the importance of the enterprise.

Article 3. For the grant of such privilege the procedure shall be as follows:

1. The petitioner shall address to the Ministerio de Fomento a brief which shall set forth the description of the industry which it is proposed to exploit, the conditions of the exploitation, the capital appropriated therefor, the advantages which will accrue to the community, and the place or places in which the enterprise is to be established.

2. Whenever the Federal Executive shall deem useful the establishment of an unexploited industry, a privilege for which shall not have been solicited by any individual, it shall offer the privilege therefor for sale by auction in accordance with regulations which it shall prescribe in conformity with this act.

3. The Ministerio de Fomento shall cause to be published in the *Official Gazette* three times consecutively at intervals of ten days the petition for the privilege in order that any person who can furnish evidence of the existence of the same industry in the country may interpose opposition thereto.

4. Such opposition shall be substantiated and decided on

in a judicial proceeding with the petitioner and in accordance with established procedure.

5. Should no opposition be interposed or should such be declared without foundation the Federal Executive will grant the privilege.

Article 4. In the concession for the privilege, the period shall be specified within which the exploitation shall be begun, which period shall in no case exceed two years.

Article 5. The industry shall be considered in exploitation when the enterprise shows that it has invested therein at least one fourth part of the prescribed capital.

Article 6. If the petitioner should request, in addition to the privilege, exemption from national direct taxes and his petition be approved, the concession shall require the approval of Congress. Special proviso: The Federal Executive shall not be required to obtain exemption from municipal taxes, which matter must be taken up by the petitioner directly with the municipality in whose territory he intends to locate the industry for which the privilege is sought.

Article 7. As a guaranty that the exploitation will be commenced within the period fixed under Article 4, the petitioner shall deposit in the national Treasury of Venezuela a sum equal to five per cent. of the capital specified as necessary for the enterprise. The deposit shall be returned to the enterprise when it shows that it has commenced the exploitation. Otherwise it shall revert for the benefit of the national Government.

Article 8. Cessation of the exploitation for the period of six months shall justify the termination of the privilege, except in the case of unforeseen event or superior force duly established.

Article 9. The Federal Executive is authorized to provide for enforcement of this act in accordance with section 9 of Article 80 of the national Constitution.

There may be obtained by application to the Bureau of Foreign and Domestic Commerce a list of the petitions that have been submitted to the Ministerio de Fomento, in accordance with the foregoing law, together

with the dates of the *Official Gazette* in which they have been published.

It may be stated that from the fact that some of the petitioners are not generally known to have the capital stated or to be experienced in the industries mentioned, it seems probable that some of the requests for exclusive concessions are speculative in their nature, and the concessions are sought with a view to sale. On the other hand, some of the concessions are asked for by persons who have *bona fide* intentions to put into operation the industries for which they ask special privileges.

There are and have been many commercial agents in Venezuela from many foreign countries. Although the United States leads in the foreign trade, she has by no means a monopoly. German, Canadian, Japanese, and representatives of other countries are eagerly looking for openings. While other countries are making special systematic efforts to increase their share of Venezuela's business, it certainly behooves our United States exporters to do the same.

Apart from the opportunities in cattle raising, there are many opportunities for selling goods. Our consul at La Guayra said:

"I regret that there is not in the entire country a distinctive machinery house, one which can install a plant and nurse it along into successful operation. Were such a house in existence in Caracas, with a competent and practical man in charge, the sale of machinery of various kinds could undoubtedly be increased.

"The man in charge of machinery here should be practical, able, and fit to oversee the installation of the plants he sells, and to correct errors of operation. He should also be able to help the proposed user of ma-

chinery to get machines as he desires to complete his plant. He could keep in touch with the industrial development, and instantly follow up anything that promised business for the firm he represented.

"Were the proposed buyers confident that they would find some one in the country who had a real interest in seeing that the machinery they bought rendered good service, and also could help them to that end, they would be more free to buy."

In connection with general merchandising, the United States Minister at Caracas said:

"It is in the nature of an event when a manufacturing concern or a jobbing house in the United States sends a traveling salesman to this city; but there appears to be little real reason why Caracas wholesale or retail houses should not be familiar with our products. Except for automobiles, bicycles, typewriters, cash registers, pianos, sewing machines, and patent medicines, nearly all of which are handled by accredited agents, most other United States products are unknown."

When prices are low for Venezuela's principal exports, coffee and rubber, general business is not good. But to my mind the time to start a business is when things are at a low ebb, and when the new business can increase as the prosperity of the country increases. There may not now be much opportunity in raising coffee or producing rubber in Venezuela, but money is being made in raising sugar-cane. For North American exporters there are opportunities in the following lines: bags and bagging, bottles (in spite of the fact that they have a small glass industry in one of the cities), cheese, cement, cotton manufactures, iron and steel products, malt, oils, nails, hats, butter, canned meats, electrical

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HAULING CARLOADS OF CANE INTO THE SUGAR MILL,
CARACAS, VENEZUELA

apparatus, paper, sardines, woolen goods, and a great many others.

Outside of the tremendous asphalt industry, which is at present controlled by the big American and British interests, and in which there is no opportunity for the small man, not much is being done at present in the field of minerals. There are oil prospects, but no development is taking place. In fact, it is said that the known oil prospects have already been seized by certain North American interests. In the western part of Venezuela there is a large deposit of remarkably good coal. This region is north of Maracaibo; the distance from deep water is considerable, but there is sure to be a large development here as soon as transportation facilities permit.

Iron mines are being worked in the Imataca district on the Orinoco River. A Canadian company is now operating and preparing for a large shipment each year. Options on other mines have been taken by some Americans, but little active operation exists. Certain rich copper deposits have been discovered, and one company at Aroa, in Venezuela, declared dividends of thirty per cent. Copper ore crops out at various other places, but little development has taken place.

Gold mines are being worked in the Yuruary district, and the gold output is constantly increasing. The Venezuelans claim that the difficulty is not in finding coal, iron, copper, and gold, but in transporting the machinery to work the mines and in getting the ore out. The man who goes to Venezuela to sell machinery will not only make a profit on his sales, but with proper financial connections at home would have wonderful opportunities of purchasing side interests in

certain mining and manufacturing enterprises which look good.

If I were going to Venezuela in the machinery business, I would first try to sell everything possible for cash and as much more as I could on approved credits. In addition to this, I would carefully study all new projects in which my machinery was to be used. For instance, if selling machinery to a mining company, I would study the opportunities for profit which that mining company has. If selling machinery for water-power development, I would take a trip up the river and see the opportunities which this presented. If selling machinery for the installation of a factory, I would study the possibilities of profit in connection with this factory; and certainly this is the place to start a cotton mill. Once in a while I would be sure to find an extremely profitable proposition where for a small sum of money I could acquire a large interest in the enterprise.

For a young man to go to Venezuela with money and arbitrarily to hunt up these opportunities, would be dangerous. Such a man would be in danger of being taken in. But a man located there in the machinery business would have a wonderful opportunity both of locating enterprises at the psychological moment, and of knowing which were likely to be good and which bad.

A study of statistics leads me to believe that Venezuela has a future, and that it will arrive at this future before Colombia arrives at hers. Both Colombia and Venezuela need good immigration, which in turn must create stable governments and secure to all the profits of their honest labors.

CHAPTER VIII

Colombia

Colombia will some day offer a most inviting field for the manufacturers of the United States, and it should also become a favorite resort for the tourist when its natural attractiveness becomes better known. To-day the United States imports about twenty million dollars' worth of goods each year from Colombia and exports less than half as much. This balance of trade should be changed, but it must also be remembered that the people of that country are none too well disposed toward us on account of the Panama affair, in which Colombia lost the extensive territory now belonging to that republic, although the independence of Panama has not yet been officially recognized by Colombia. The people of Colombia are perhaps the most strongly Spanish in language and tradition of any of the South American countries, and we have been greatly handicapped in trading with them by our failure to send the proper kind of representatives down there. Perhaps the most perfect Castilian is spoken in Colombia of any of the Latin-American countries, and this leads me to emphasize again the importance of this language in dealing with Latin America. With the exception of Martinique, where French is spoken, and of Brazil, which is Portuguese, the whole of Latin America is Spanish. Thus to develop trade and fra-

ternal relations with Central and South American countries we must teach our children Spanish. On a visit to Cuba I was introduced as from Boston, and one of the Cuban merchants at once spoke up: "Boston — that's where they teach Spanish in the high schools." This fact had made more impression than anything else Boston had done. Hence, in developing foreign trade with Colombia or elsewhere, we must bear this problem of language in mind.

Colombia is very accessible to the United States, as it has about a thousand miles of seacoast on the Pacific and almost as much on the Caribbean Sea. The area of the country is about five hundred thousand square miles, or about the size of Alaska, and the population is over five million, or equal to that of Greater New York. Like many other parts of South America, Colombia has a history reaching back to the early Spanish rule. The coast of Colombia was part of the famous "Spanish Main." Columbus sailed along its coasts on his fourth and last voyage, and it is the only country which bears his name. Later the Spaniards conquered the land and subdued the Indians, a highly civilized people, similar to the Incas of Peru. The capital was established at Bogota in 1536. Under the leadership of Simon Bolivar, freedom from Spain was secured in 1819, and in 1821 he was elected the first president of "Greater Colombia." Later the title was changed to the Republic of New Granada. This title was subsequently altered to that of the Grenadine Confederation, then to the United States of Colombia, and lastly to the Republic of Colombia.

Colombia is a country of mountain chains and valleys. Extending from north to south are three mountain

ranges. These ranges are far apart, and there are extensive valleys and table-lands lying between. In the southeast there is an extension of the llanos of South America, and here is one of the great cattle-raising districts. In the valleys of the numerous rivers are some of the densest forests in the world. With its high mountains and table-lands Colombia has almost every variety of climate, soil, and scenery possible.

The resources of the country are about equally divided between agricultural and forest products and minerals. Although the exports of coffee are large, and the country produces more emeralds than any other, yet the possibilities have not been realized, so that I believe the latent wealth and the favorable conditions for development make Colombia a country worthy of serious attention. The agricultural products include rubber, coffee, cacao, bananas and other fruits, and vegetable ivory. The entire country is suitable for stock raising, but cattle are now raised mainly for domestic consumption. Hides are exported, but there are great opportunities for the establishment of refrigerating plants.

The timber resources have not been exploited, yet considerable mahogany appears on the list of exports. Dyewoods and plants with medicinal properties offer a wide field of development, and there are many fine hardwoods suited for furniture manufacture.

Mining offers tremendous possibilities. Gold has been mined for centuries in both the quartz of the mountains and the sands of the rivers. Silver is also produced, and the platinum beds rival those of Russia. There is some oil which resembles the product of our Texas fields. All, or nearly all, the emeralds mined to-day come from Colombia. All of these mines are

owned by the government and leased to private corporations. A curious fact in the history of some of these important mines is that they were closed and lost to the world for over a hundred years and only rediscovered in the jungle a short time ago.

The chief need of the country, however, and the reason why its vast resources must be left for another generation to develop, is the lack of suitable means of communication. There are few railroads, and the river systems are the chief channels of commerce. The greatest of these is the Magdalena, which rises in the Andes under the equator, and has a length of eleven hundred miles. This river resembles the Mississippi, for the waters are muddy, and it has a large delta at its mouth. Steamboats of the old Mississippi type are used as means of communication. Along the lower stretches the scenery is tropical, but as the river approaches the table-lands, the country becomes fertile and healthful. The inhabitants of the lower country are almost all negroes, and this section, which was rich and well cultivated under slave rule, is now almost deserted. In the upper reaches of the river, the country people are Indians.

Bogota, a city of one hundred and twenty-five thousand people, lies upon a fertile table-land at an elevation of eighty-six hundred feet. It is built on terraces, and has the usual narrow streets of Spanish-American cities. The houses are usually not more than two stories in height, owing to the frequency of earthquake shocks. There are electric railways, telephones, and telegraphs, and the Spanish population is noted for its culture. It has been called the Athens of South America. Bogota is the central distributing

point of the country. So far, no continuous railway system exists in the republic, but there are many short narrow-gauge lines. A transcontinental line is proposed. The Colombian Government has authorized a subsidy of sixteen thousand dollars a mile and land grants for railroad construction, and it is on this that the future of the country depends.

Colombia is a land of contrasts, from the tropic coast to the temperate plateau and even to the snow-clad mountains of the Cordillera. Although it has not yet become a tourist country, every attraction of natural beauty can be found there. Near Bogota are the falls of Tequendama, higher than Niagara, and many interesting remains of the aboriginal inhabitants can be found.

Transportation should give this country a most prosperous future, but until that is accomplished, there is little for the business man of the United States.

I take this opportunity to say a word regarding what Colombia and other South American countries are doing along social and welfare lines. In many ways these countries are much more advanced than is our own. All the leading universities of Latin America are government owned, instead of being privately endowed and controlled, as in this country. The hospitals and other leading charities are likewise state affairs, for which all are justly taxed. Without doubt we are coming to this in the United States, but we are still a long distance in the rear.

CHAPTER IX

Ecuador

Ecuador has long been known as one of the pestilential places of the continent, but it has started to clean up, and will soon be a good place in which to live. At any rate, it offers many opportunities to outsiders, especially to our manufacturers, if they will only attack the problem properly.

Before the Spaniards came to the western coast of South America, Ecuador was inhabited by the Incas with their great civilization. But when Pizarro took the nation of the Caras, a people similar to the Incas, and executed its king, he sent one of his lieutenants to capture this kingdom of Quito, which was accomplished with little difficulty. Then, according to their usual custom, the Spaniards proceeded to take possession of estates of the inhabitants, and apportioned the land out among themselves. The province remained under the same rule as Peru for many years. Later it was tossed back and forth between New Granada — now Colombia — and Peru, but early in the nineteenth century it began to move toward independence. These efforts met with varying success, and finally, in 1830, the constitution of the Republic of Ecuador was proclaimed, and the republic has since continued with as little friction as could be expected in a South American country.

This constitution is quite liberal, with the same rights granted to foreigners as to citizens, and is progressive in allowing to women the same rights as to men, and the free administration of their personal property, even when married.

Foreigners may acquire property and may establish banks under the same conditions as the natives, and as funds set aside for the public debt "cannot be diverted" for other purposes, this tends to serve as a guarantee of public credit.

In addition to the usual departments of the republic, there is the department of public instruction, which has control of all public and private schools, together with other educational institutions. Since the school of fine arts, the conservatory of music, and the national library and astronomical observatory are mentioned among these, you might conclude that Ecuador is highly civilized, until you read in its president's message that they were founded within ten years. The postal, telegraph, and telephone systems are under the supervision of this department, as are also matters relating to agriculture and general industries. At Guayaquil, the chief seaport, there are two telephone systems and long-distance service to the capital, Quito. The post-office service is efficient and well administered, and the postal money-order system has been installed recently.

Ecuador has an estimated area of one hundred and sixteen thousand square miles, or one equal to New York, New Jersey, Pennsylvania, Delaware, and Maryland combined. Its population of about a million and a half is almost wholly located near the coast, on the steep western sides of the Andes. The

eastern part is a portion of the great Amazonian plain and must be well watered and fertile, but is little explored.

Travelers have given Guayaquil the unenviable reputation of being the "pest hole of the continent," as it has frequent and serious epidemics of malaria and yellow fever. It stands in an unusually bad location, among swamps at the mouth of a river. But since Havana, Panama, and other such places have been made habitable, it seems not impossible that conditions may be improved here. Indeed, steps have already been taken in this direction. Colonel Gorgas, who cleaned up Havana and Panama, has investigated Guayaquil, and as a result of his report the Chamber of Deputies authorized a loan of ten million dollars gold for the work in sanitation, which insured a new sewage system and modern water works. A plague-prevention campaign should also be started, as the health statistics usually show cases of this disease in Guayaquil.

The entire country is waking up and becoming interested in modern improvements and methods. So it would seem that there might be good opportunities in Ecuador for engineers and builders, and those interested in other enterprises connected with the improvement of the country. There are about four hundred miles of railroad in Ecuador, and three hundred miles of this are included in the one road between Guayaquil and Quito. This road was completed in 1908, and the regular trains make the distance in two days. A shorter line from the coast is now under construction, opening up an exceedingly fertile country, which already yields immense quantities of cacao, although capable

of further development. Several other small roads are also being built.

An active river and coast service is carried on by the many small boats, including steamers, sailing vessels, and canoes. Most of the rivers are navigable for a considerable distance inland. The Guayas, at whose mouth Guayaquil is situated, allows the passage of steamers for forty miles, and of smaller vessels for two hundred miles. The eastern part of Ecuador may be reached from Brazil by the Amazon and its tributaries.

Ecuador exports the usual tropical fruits and also coffee, cotton, tobacco, and rubber. The last named may be gathered and brought to market every month in the year, and all over the world there is an increasing demand for it. Sugar-cane is raised in little more than sufficient quantities for home consumption, though some is sent to other countries. The extensive forests contain trees of many valuable varieties, including, besides rubber and the various palms, the cinchona, from which quinine, ever necessary in this climate, is obtained; the mangrove, an agent in tanning; and the silk cotton tree, whose fiber is known to the commercial world as kapok. Cattle and sheep are raised, as there are extensive grazing lands, especially on the uplands. Hides bring good prices and are largely exported, as are also goatskins and alligator skins.

The mineral wealth of the country is known to be very large, but is little developed, owing to the inadequate means of transportation. Gold, mercury, copper, iron, lead, silver, and platinum have been found, as well as large depcsits of sulphur. Petroleum has also been dis-

covered in paying quantities, and these deposits are to be leased to some company for development, but any United States company is barred. There are great coal fields in the interior but little developed.

Ecuador has one shoe factory, employing about a hundred people, with an output of sixty thousand pairs of shoes a year. Manufacturing, however, is a limited industry, and much of the work is done by hand in a primitive way. Guayaquil makes important articles of consumption, even including ice. One of the most successful manufactures mentioned is that of matches. A well-equipped tannery is also in operation at this port, and smaller establishments produce bags, cotton fabric, and mosaics. The intense heat at this low, swampy place must discourage very active endeavors in any line. The higher lands, however, boast more manufacturing, Quito having flour mills, foundries, sugar refineries, and ice factories. Shoes, wagons, saddles, embroideries, lace, and other things are made by hand. Quito is especially noted for the large amount of religious painting and sculpture done by artists and sent to other countries.

Though Quito is almost exactly on the equator, yet its elevation of over nine thousand feet insures it a pleasant climate, and one far more healthful than that of the low lands. There is less rainfall and a shorter winter season than at Guayaquil. At Quito are situated most of the higher educational institutions. The national astronomical observatory is quite an imposing building. The government expends about one hundred and fifty thousand dollars annually in the maintenance of its universities at Guayaquil, Quito, and Cuenca, and a law school at Loja. The President recommends the

employment of more foreign teachers in these institutions and also the establishment of a school for the training of teachers.

Ecuador really has four zones of climate, as the altitude varies from sea level to over twenty thousand feet. Therefore there are the Tierras Calientes or hot low lands; the Templades, at an altitude of from six to nine thousand feet; the Frias, including the plateau on which Quito is situated; and the Nevadas, or Andes, whose tops are always covered with snow.

Ecuador possesses great wealth in her cacao groves. Although scholars claim that we should use the spelling "cacao" instead of "cocoa," yet the extensive advertising of the newer form of word will make it hard to alter the spelling, at least in English-speaking countries. So that now there is the trade distinction, cacao referring to the raw product, and cocoa to the finished article. Cacao is entirely different from the coca, a Peruvian plant, whose leaves are chewed by the Indians for their stimulating effects, and which contains cocaine; from the cola nut grown in West Africa, which is slightly like it; and from the cocoanut, to which it is not even distantly related.

The great popularity of chocolate and cocoa, both as beverages and for flavoring, makes the market for these products practically unlimited. With the opening of the Panama Canal, the great cacao estates in Ecuador are more accessible for supplying the increasing demand of the world for this favorite product. Cacao must be raised in the torrid zone, below an altitude of twenty-five hundred feet, so the actual labor could probably not be performed by the northerner who might want to invest in the industry; but his capital would

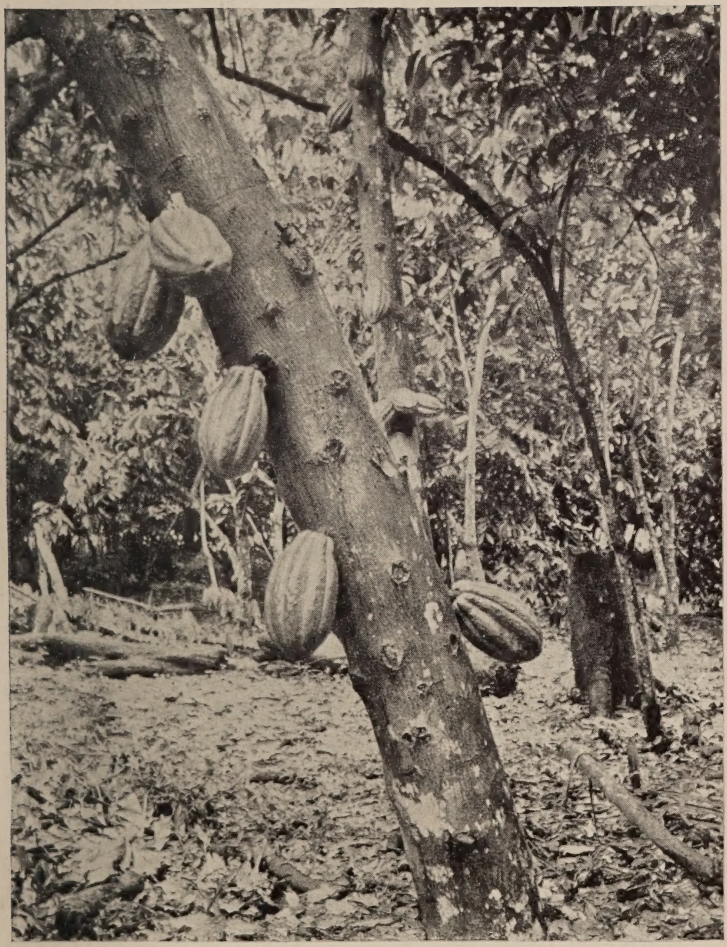
without doubt bring him great results. In an average year about eight times as much cacao in value was exported as Panama hats or coffee, which come next in quantity in the list of exports.

The Panama hat was originally not made in Panama, but received that name because that city was the distributing port. It was manufactured in Manabi, Ecuador, and its native name was "jipijapa," a name now used in the markets for the inferior grades, not real Panamas. Under the fostering care of the government, a school has been established in Panama with teachers brought from Ecuador to instruct in the weaving of hats, so that the name is no longer a misnomer. Honduras also has a school and a flourishing industry in hats.

When weaving such hats, the straw must be kept moist and the weavers work in the late twilight or early dawn, the only times available for making the best grades. A skilled worker will finish a hat, working these few hours a day, in five or six months, and the women and children are the most deft with their fingers in this industry.

A rich planter of Ecuador is willing to pay as high as one hundred dollars for a Panama hat, and it is of the finest texture, such as is seldom seen in northern countries. These hats of the very best quality are so soft and flexible that one may be folded and carried in the pocket without injury. One which was sent to the former Prince of Wales could be folded into a package no larger than a watch.

Besides exporting about a million dollars' worth of hats, Ecuador sends to other countries in one year many thousand dollars' worth of the torquilla straw.



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CACAO GROWING ON THE TREE, LA CLEMENTINA, ECUADOR

Some button man might find it advantageous to invest in a forest of tagua palms, whose nuts furnish the vegetable ivory of commerce. This tree grows wild, and the natives gather the nuts, which fall from the trees, and sell them to the local merchant or exporter. It would seem as if this is not a highly organized industry, though the nuts are such a good substitute for the ivory obtained from the elephant's tusks that there is always a demand for them. The vegetable ivory is used for making umbrella handles, chessmen, and other small articles, but the principal use for it is in the manufacture of buttons. Ecuador exports annually about twenty thousand tons of this product, sharing the trade with Colombia.

The foreign commerce of Ecuador is about twenty-five million dollars a year, with little variation. The bulk of the cacao goes to France, the rubber to England, and the vegetable ivory has gone to Germany. The leading imports are textiles, foodstuffs, and iron and steel. The United States takes more cacao beans than any other country except France, some rubber, and more coffee than any other country except Chile. The principal imports from the United States include ironware, barbed wire, agricultural implements, leather goods, boots and shoes, drugs and medicines, mineral oils, and foodstuffs — mostly packing-house products and flour.

The future of Ecuador lies in agricultural development and in mining — especially agriculture — but the people should not pin their faith to cacao alone. Diversified products are necessary for the well-being of every country. Instead of planting more land to cacao, it would be better for Ecuador's future if hemp, rice, and other things were developed highly.

The United States can supply Ecuador with everything consumed in the country, and with the possible exception of cotton goods, by proper efforts can control the market. Moreover, owing to the general prejudice against Ecuador, there is less competition here than elsewhere.

Ecuador is not a large country and thus has not the future that many other Latin-American countries have. On the other hand, during the next few years Ecuador is likely to show a greater percentage of gain than many of them.

CHAPTER X

Peru

Peru has long been known as the treasure chest of South America on account of the immense amounts of gold and silver which her mines have given to the world, and has also been of interest as the seat of the ancient empire of the Incas and their civilization. When the Spanish fleets came to Mexico, under the lead of Pizarro, the militarists went south, while the missionaries, under the lead of Father Junipero Serra, of the Franciscan Order, went north. The militarists reached Peru, where they wantonly destroyed and plundered. The missionaries reached California, where they industriously taught and produced. I know of no better way to see the evidence of the comparative fruits of militarism and religion than to visit both Peru and California to-day. Peru is an undeveloped and backward country; California, a veritable garden spot. The former country is said to be the least developed portion of South America, while the Golden State is certainly one of the most beautiful sections of North America.

It is also interesting to note how Peru and California compare in other ways. They are similar in shape, though Peru with its seven hundred thousand square miles is more than four times as large as California; in fact, it is about three times as large as Texas. Both

have mountain ranges running north and south, with climates varying according to latitude and altitude. The temperature of each is greatly influenced by ocean currents, and each has a wet and a dry season. Moreover, the evenness of temperature for which San Diego is noted is likewise found in Lima and other Peruvian cities. The population of Peru is estimated at five million, or about twice that of California. On the other hand, the difference in railway mileage, water-power development, and irrigation projects is greatly in favor of California.

I bring up these unpleasant (for Peru) comparisons, reminiscent of the crimes Spain committed against this country, to emphasize that a new epoch is commencing, much more important than that which began when Pizarro crossed Panama in 1524. That year, men crossed in groups on horseback; now men cross in large groups on passenger ships. By the opening of the Panama Canal, Peru is brought within four hundred miles as near to New York as is Mexico City by rail. This surely means a new awakening and a change in the business life and development of the country.

Most people make the mistake of judging Peru by the seacoast. From the time one leaves Panama until Valparaiso is almost reached, little is visible but a "stern and rock-bound" coast. But unlike our New England coast, this one is both barren and sandy. Not a tree, shrub, or blade of grass is visible from the steamer; only mountains of white rock and sand. Such was not always the case, for the old inhabitants built irrigation works which probably made much of this desert a profitable agricultural country.

Sailing on these tropical waters, one expects to be

warm at least, if not unbearably hot, but after passing the shores of Ecuador and on nearing the first port in Peru, the temperature begins to change and it becomes almost cool. From June to September it is so cloudy that the shore is hardly visible, but from November to April it is bright and clear. The coolness is due to the presence of the Antarctic current, equal in length and volume to the better-known Gulf Stream of the Atlantic. This current flows along the coast from the southern part of the continent of South America to a point just at the boundary between Ecuador and Peru. North of this point, all the usual conditions of the torrid zone at sea prevail, but to the south entirely different conditions are encountered. No rain falls on the coast of Peru; there are localities where it has not been known to rain for eighty years. In the extreme northern part they have, once in seven or eight years, a week's steady downfall; but most of the coast is a desert, excepting along the banks of the fifty-seven small rivers which are fed by the snows of the Andes. This barren strip extends for two thousand miles north and south, and is from forty to sixty miles wide.

As one comes from the north, the first Peruvian port of importance is Payta, situated in an almost landlocked harbor, once the rendezvous of a great whaling fleet. The town is at the base of sandy bluffs, with small adobe and bamboo houses. The streets are narrow, crooked, and unpaved. Besides two or three shipping offices and a few stores, there is a railroad station for a short line which extends up to the town of Piura, the capital of this department, as the provinces are called. The water supply of Payta is brought down on this railroad every day. Cotton is grown in this vicinity

along the Piura Valley; there are oil wells a few miles to the north (the oil regions cover an area as large as Holland, and yield a better quality of oil than is found in the United States), and coal and salt are found to the south. This region is noted for fine straw hats and goat and kid skins, and there are about twenty tanneries in the country. There might be a good chance here for the shoe or glove man to invest, as these skins are said to be exceptionally fine.

Piura has soap and candle factories, ceramic works, and a cotton-seed oil mill, and is also the trade center of the country.

Six hundred miles south of Payta is Callao, the principal port of Peru and the distributing center for the bulk of the merchandise imported into the country. The harbor is spacious and slightly protected on the southwest by the picturesque and rocky island of San Lorenzo. The town is made up mainly of warehouses, and as a matter of fact it is only the port of Lima, the capital city of Peru, which is ten miles inland and which is reached by both steam and electric cars. Although Callao is the largest port in Peru, large steamers cannot reach the shore, and the passengers and freight are obliged to go ashore in small boats. In fact, I know of no port on the west coast of South America where all freight is not hoisted over the side of the ship and dropped into the lighters below. For this reason, and on account of the fact that most inland transportation is by mule back, it is absolutely necessary that goods shipped to South America should be carefully packed in small boxes or bags. Textiles, flour, shoes, and everything unbreakable should be bound up in bags. Machinery should be boxed; but no box should

be larger than can be carried on the side of a donkey. I have seen broken cases on the wharves from concerns in the United States, which were a disgrace to their shippers.

The troubles which the Peruvians have had in trading with the United States are well illustrated by the following remarks of one of my Peruvian acquaintances:

"Suggest to your friends who are shipping goods down here that they send for some Peruvian chap to enter their employ. We are absolutely tired of writing your people to pack your goods in small, strong cases. Our letters are followed for a few weeks, and then things are just as bad as ever again. Do the concerns in the United States continually change shippers, or are these shippers void of memory?

"We have the same trouble regarding colors. As you know, the Peruvian women wear black, and our consumption of black goods is very large; but this does not mean that we run to other sober colors. Because we order a large quantity of black goods, is no reason why a jobber should refuse to supply reds, yellows, and greens when we specifically order them, and yet they are continually doing so!

"About two months ago I ordered several pieces of black goods with a supplemental order of greens, urging that the shipment be rushed. Imagine my disgust last week to get a letter asking if I did not mean 'grays' instead of 'greens.' Now any one acquainted with the Peruvians knows that they wear little gray. Either they are in mourning and want black, or else are not in mourning and want the brightest colors of the rainbow. If each of these concerns could have a Peruvian boy in its export department, many of these mistakes could

be avoided. Speaking of colors, let me say that a fortune awaits some enterprising Yankee who will buy up second-hand automobiles in your country, repaint them red, green, or yellow, and ship them down here."

I introduce this conversation because it illustrates certain fundamental difficulties which have prevented us from getting the trade of these South American countries.

Pizarro landed at Callao and founded the city of Lima in 1535, calling it the City of Kings. Pizarro conquered the empire of the highly civilized Incas and seized their gold and silver. He gained possession by accepting an invitation from the unsuspecting emperor, and then, after taking him prisoner in his own capital, put him to death after a mock trial. Six years later Pizarro was assassinated in his palace, which still serves as the capitol of the country. The forty or more viceroys who succeeded one another in the government of this vast country continued Pizarro's policy of destroying the civilization of the Incas and enslaving the Indians.

Early in the nineteenth century, a movement for independence began, and this was achieved in 1824 under the leadership of Bolivar and Sucre. Boundary questions have been troublesome ever since the beginning of the republic, but if they are ever settled, Peru may have an opportunity to develop her resources and take her deserved place in the world. Peru and Ecuador have continually disputed their boundary. There have also been similar disputes with Chile, but these are unlikely to produce hostilities at present. Revolutions still prevail in Peru. One took place as recently as February, 1914, resulting in the downfall of

President Billinghurst. Since 1890 it is said that Peruvian finances have been in the hands of the Peruvian Corporation which has practically acted as a receiver. I, however, consider this statement unjust; but if it is true, certainly the task has not proved particularly remunerative to either party.

As now bounded, Peru has a coast line which would extend from Boston to Key West, while if placed in the western United States, it would reach from San Francisco to Kansas. Peru is naturally divided, as are so many South American countries, into three distinct sections or zones: the narrow, barren coast, averaging about twenty-five miles in width, which contains the most important cities; the great plateau in the Andes regions; and the rich forest lands to the east, containing the sources of the Amazon — well watered, but sparsely inhabited and little developed.

Lima, a city of one hundred and seventy thousand people, stands in the first zone on a level plain about five hundred feet above the sea, on both banks of the river Rimac, which is dry except when swollen by the melting snows of the Andes. Then a large part of the waters are diverted to irrigation. Lima is one of the most progressive and interesting cities in South America. It is well situated, both for business and health, and is also replete with the romance of the Spanish conquest and the times of Pizarro, whose remains lie in the cathedral. For eight months in the year there is not a cloud in the sky, while for four months, June to September, the sun is usually obscured. Lima is a type of the Spanish city, with a great central plaza, filled with tropical plants and surrounded by the cathedral, important buildings, and business blocks. Formerly it was

a walled city, with heavy stone walls along the banks of the river and the other three sides, and the ruins still exist.

The streets of Lima are from twenty to thirty feet wide, and run at right angles. Most of them are paved with cobblestones. The houses are painted blue, yellow, or pink, and for the most part are only one story in height, though the stores facing the Plaza are of two stories, the second projecting so as to form an arcade around two sides of the square. Some of the houses are built of brick, but most of them are plastered. One traveler said that a burglar needs only a wet sponge and a knife to enter any house in Lima. This, however, is an exaggeration, when one takes into consideration the surprising thickness of the walls, for they are from two to six feet through. Few windows open on the street, the rooms being lighted from the interior court, while the entire front of the stores opens as a door. The prevalence of earthquakes accounts for this style of building, for Peru has suffered considerably from this cause. Most of the buildings, therefore, are modern and ordinary, but a few which have withstood the earthquakes have beautiful carvings on the balconies. The population is a mixture of Spanish, Peruvian, Indian, Japanese, and Chinese (twenty thousand), besides English. Much of this population is poor but proud, and social distinctions are very marked.

The mean annual temperature in Lima is 66° Fahrenheit. It may well be considered a "mean temperature," said a traveling salesman to me, "for it is never cold enough to have a fire, although from June to September it is usually cold enough to make you wish for one." It never rains, but during these four months it

is continuously cloudy and often foggy. There are no chimneys in the small houses, cooking being done by charcoal fires on a porch. Lima has electric lights and a system of water works. Education is provided for in elementary schools, and the University of Lima was founded a hundred years before the founding of Harvard. As this has always been a strongly Catholic country, there are many monasteries, and the cathedral founded by Pizarro is the most striking building in the city. The religious question has had a great influence on the country. Even when I was last in Peru, a Protestant church could not have a regular meeting-house. All Protestant meetings are held in secret. I love the Peruvians, and I believe that the Roman Catholic religion may be the best possible for these people, but I do not believe that Peru will enjoy much prosperity until it separates politics and the church. Moreover, the same comment may also apply to Chile and certain other Latin-American countries.

Manufacture of many necessary articles is carried on in Lima, but comparatively little is exported. There are attractive botanical and zoölogical gardens, and the city also boasts of the largest bull-fighting ring in the world. Lima is the present commercial and financial center of the country, and there is no doubt in my mind that for some time to come it will be the leading West Coast city between Panama and Valparaiso. I strongly advise manufacturers to give it more attention. Headquarters should be located here, as from Lima one can reach the other trading centers within two or three days' journey. On the other hand, Lima itself can never be either a railroad center or a seaport, so that the ultimate great city of Peru may be located elsewhere.

The people of Lima, and of all Peru as well, are not progressive as we understand the term. The railroads and mines are in the hands of men from the United States; Germans and English do the shipping; other foreigners do the trading. The government and the people are the weakest features of the country. The Peruvians frankly admit that they have little initiative and are satisfied to let well enough alone. Free speech is still questioned. While I was in Peru a mass meeting was held in Arequipa protesting against the very large increase in taxes. So many people attended the meeting that the police tried to disperse them, and within a few minutes several men were killed.

I had a letter of introduction to the minister of foreign affairs, but when I called, I found that he had been shot in a duel the week before.

Peru needs a heavy immigration from the cold and sturdy countries of Europe.

I made a special trip to the mountains to see the native Indians living and working. Unlike the natives of the West Indies, the Indians of Peru cannot live on wild cocoanuts, bananas, and breadfruit. Such things do not grow wild in central and western Peru. They are cultivated on irrigated land. Hence most of these Peruvian Indians are peons, and work for others at about fifteen cents per day. These Indians live in wretched huts made of bamboo covered with adobe, with a hole in the center of the roof so that the smoke may escape. Many of them live in a sort of cave and in dugouts in the side of cliffs. In their little villages I saw mules actually treading out the grain with their hoofs, as in old Bible times. I saw the caravans coming in from the desert as they are

seen in northern Africa. What made the greatest impression on me was this: In front of each tiny adobe hut is a round corral, twenty feet in diameter and bordered with a few stones loosely laid around so as to make a rough wall about a foot high. These are to keep the stock in at night. The animals have so little life that they will not step over these few stones.

The chief beast of burden in the mountains is the llama, an animal with a long neck and a small head, which looks like a big sheep. Although these animals absolutely refuse to carry more than a small load, they need little attention. They feed and take care of themselves.

Riding across the arid desert, I met several caravans bringing alpaca wool from the mountains to the markets. This wool is very strong, and when I asked a merchant the reason he explained:

"Ah, the alpaca live in the high lands, and are obliged to fight for every bit of green which they eat, so that life is one continuous struggle. The ordinary sheep are led by the shepherd from one green pasture to another. The result is that the alpaca wool is strong and long; while ordinary wool is inferior and short."

Strange to say, this same principle applies to the people of Peru as well as to the sheep. The brightest and worthiest natives are found in the highest regions, where everything must be raised by irrigation. The lowest and poorest Indians are found in the most fertile regions of the low lands.

Mollendo, the next port south from Callao, is Peru's best gateway, but as a town it is not attractive. It owes its importance to being the port of Arequipa, and

the country extending to Cuzco, La Paz, and the interior. From Mollendo starts the railroad which traverses the one hundred and seven miles to the inland city of Arequipa, and which in that distance climbs to a height of over seven thousand feet above sea level. Mollendo itself is built on a rock one hundred feet above the sea, and the surf is sufficient to make landing difficult and sometimes dangerous. Passengers are hoisted ashore by steam cranes. Mollendo is a dreary spot, barren and forlorn, as there is no vegetation, and nothing to render less cheerless the sandy and rocky streets with their rough huts of matched boards and sheet iron. There is hardly a wheeled vehicle in town, and all the water comes a distance of eighty-five miles. All the business is that connected with the railway and the shipping.

The railroad runs from Mollendo some miles south along the shore, then turns and begins its zigzag climb into the mountains. In two hours it reaches a height of four thousand feet, at the station of Cachendo, which is on an extensive table-land of sand and gravel, absolutely barren. Crossing this and still ascending, one finally arrives at Arequipa, the second city of Peru, resting on a gentle slope on both sides of the river Chile. It was a rest-house station, in the time of the Incas, for the swift Indian runners, who are said to have traveled to the shore and carried up fresh fish for the monarch at Cuzco. Pizarro chose this spot for a Spanish stronghold between the interior table-land and the coast, and it became the seat of a bishop. Here have been built many churches and convents, and here there still lingers an air of antiquity and a sort of Oriental quality which is surprising in a region so far from the East.

There are far more churches in Arequipa than seem needed in a city of its size. People are apparently attending some service most of the time, and one sees many priests in the streets. Some of the churches show decoration and ornamentation of varying degrees of excellency, and the cathedral contains a picture attributed to Van Dyck.

The houses are only one story in height, for another earthquake is expected at any time; but they are mostly built of stone with vaulted roofs. This light-colored, porous, volcanic stone is given a fine finish when used for the walls of houses, and richly carved on the fronts of churches. The buildings are painted in delicate shades of blue, pink, green, or cream. The walls here are even thicker than in Lima, and it is estimated that one third the area of Arequipa is occupied by foundation and partition walls. The streets are narrow but straight, and roughly paved with cobblestones of lava. A stream of water from the river runs down the side of most of them, and this also serves as an open sewer. There are few wheeled vehicles, but everybody rides either on horse or donkey.

Though this city is a thousand feet higher than the top of Mt. Washington, yet, as it is in the torrid zone, the sun has great power. The dry desert air is thin but invigorating, and I like the climate very much. No artificial heat is used, though the mercury may drop to 36° or lower in the night. In the daytime, though it is warm, it never becomes as hot in Arequipa as in Philadelphia or St. Louis. As in other tropical cities, no one works in the middle of the day, nor indeed very much at any other time, except perhaps a few foreigners in offices or Indians in gardens. If

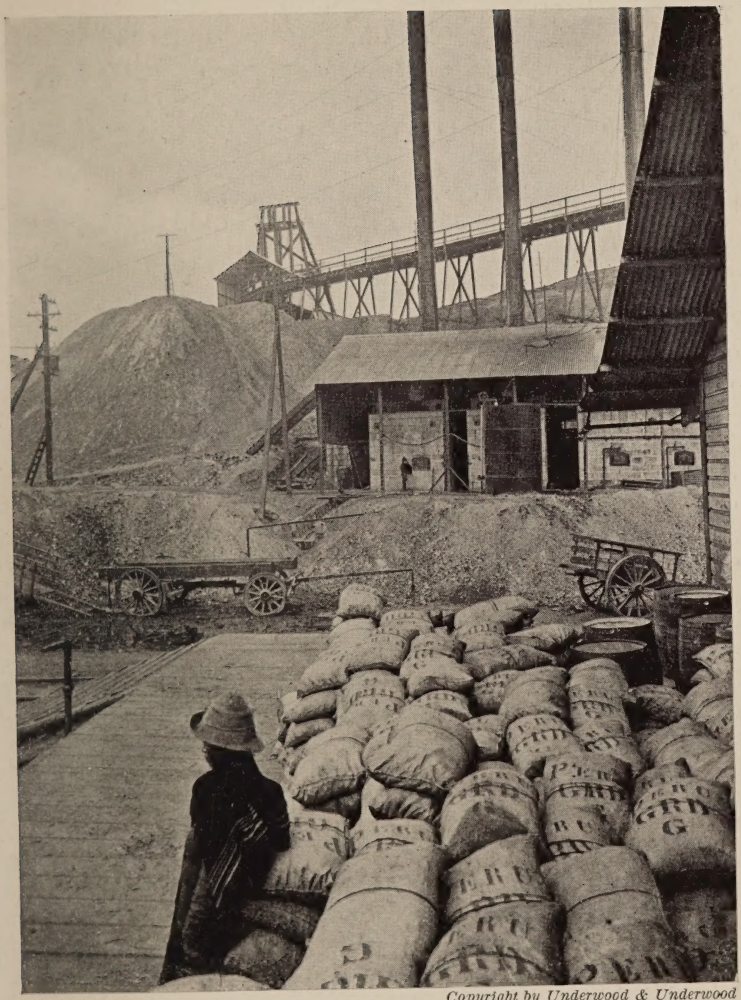
more work were done in the line of cleaning up and watering the city, beautifying it by planting trees and shrubs which would relieve the intense glare of the sun, Arequipa would not be a bad place in which to live.

The clearness of the air makes it especially attractive to astronomers, as here the stars shine with very great brilliancy. Harvard University maintains two meteorological observatories on El Misti, one of the surrounding mountains, the highest being near the top, at an elevation of nineteen thousand two hundred feet. There are also meteorological and astronomical observatories at Arequipa. This El Misti is a volcano, with two great craters, the larger a half mile across. It has not had an eruption for many years, but vapor and smoke almost constantly rise from it in varying quantities.

There are cotton and woolen mills, tobacco factories, a foundry, a brewery, and car shops in Arequipa; but its best assets are the old buildings and architectural specimens. It is a quaint city with an Eastern touch of color. On the streets are seen many Indians dressed in gayly colored blankets, and, so far as my observation goes, they have an honest and happy disposition. With better hotels, Arequipa, Cuzco, and La Paz would become popular centers for tourists.

The resources of Peru, with its three parallel mountain ranges, its great streams in the eastern part, and its narrow desert coast on the west, may be divided into four classes:

First, rich gold, silver, copper, and iron ores in the mountainous districts. The river valleys also are rich in placer gold, whose quantity and value are attested by the fact that they were worked for centuries, and



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SACKS OF ORE ON THE RAILWAY PLATFORM, CERRO DE PASCO, PERU, AND THE MINE FROM WHICH IT CAME

were abandoned in almost every case only on account of lack of water or transportation facilities.

Second in importance are the fertile valley lands, capable of producing exceptionally fine sugar and cotton. There are also large tracts bearing coffee, cacao, coca, and cinchona trees, and areas containing vineyards known to have been cultivated since early in the sixteenth century. Beyond these river lands are immense areas with grazing plains which feed the world's famous alpaca flocks, and which need only irrigation to become rich and fertile.

Third, the great forests of the eastern part abound in rubber and other valuable trees. This section has direct water routes, by the great rivers flowing to the east, to the markets of Brazil.

Fourth, the territory rich in petroleum and the great deposits of guano.

Mining should be given the leading place among Peru's resources. Copper occupies first position, followed by silver, crude petroleum, gold, coal, and lead. The richest mining region now is that included between the two great branches of the Andean Cordillera. In this region there are gold mines with deposits of coal so near as to assist in the gold operations. The Department of Junin, in which is the celebrated Cerro de Pasco mining district, stands at the head of the producing sections, containing deposits of all the minerals mentioned, and also vanadium, recently discovered.

Peru's coal deposits are both bituminous and anthracite. The anthracite fields lie in the north, while the bituminous fields are widespread. The annual output is about three hundred thousand tons. The country produces the oil which is used on the Peruvian railways.

The oil is also exported, some to Chile for fuel in the nitrate works, some to California, and some to Japan.

The Cerro de Pasco Mining Company averages annually about forty-five million pounds of copper bars, containing also gold and silver. The company has a hydro-electric plant developing ten thousand horse power, costing about two million dollars, the machinery for which was contracted for in the United States.

A leading authority on Peru writes as follows regarding the progress of mining industries of that country:

The increase of the output of copper, coal, silver, gold, petroleum, lead, salt, borax, vanadium, and the like, proves to what an extent the mining industries are flourishing in Peru. The number of mining claims denounced in the country reaches to something like twenty-three thousand. Hydraulic mining is attracting great attention and some good results are expected from the works in operation. The ferro-vanadium from the Ragra Mine in Peru is being worked by the American Vanadium Company in Pittsburg. This is at present the greatest discovered deposit of vanadium in the world. Through the very up-to-date methods being used at the vanadium works in Bridgeville, belonging to the American Vanadium Company, the use of vanadium steel in the engineering industries has very largely increased, much to the satisfaction of the manufacturers of articles in the composition of which strength and elasticity are essentials to their lasting qualities.

Tungsten, bismuth, mercury, molybdenum, and antimony are likewise being mined in Peru. Chlorides, salts, borates, nitrates, limes, natural cements, marbles, granites, and several kinds of volcanic stones are everywhere to be found throughout the length and breadth of Peru. Recently a report was current that an emerald mine had been located in the vicinity of Cuzco; while pearls have been found along the coast of Sechura.

Iron ores are known to exist in regions where coal is plentiful, and as the western and eastern slopes of the Andes

abound in waterfalls there seems to be no end of water available for power, and consequently it is not out of the way to predict that within a few years Peru will become one of the industrial nations of the American continent.

Some one has reckoned that since seven thousand million dollars' worth of silver has been mined in Peru since its discovery, this sum would make enough silver dollars to circle the earth nearly seven times if the coins were laid edge to edge around the globe. When we realize that lack of transportation facilities and inadequate means for modern mining have hampered the obtainment of the silver and other metals so abundant in the mountain regions of Peru, we may well look forward to a time when, with the modern improvements and increased capital, Peru may lead the world in mineral production — with the possible exception of the United States.

If, as has been said, "copper is the metal of the future," Peru may expect great wealth, especially from her copper mines. Electricity and copper are so closely connected that one can hardly think of one without the other, and the constant use and improvement of electrical machines of all kinds demand large quantities of the red metal. Indeed, it would be difficult to enumerate all the uses to which copper is put in the sciences and arts.

It has been said that the two chief products of the northwest coast of South America are minerals and revolutions! Certainly minerals are abundant, but let us hope that the soil is becoming less fertile for revolutions. Foreign capital has heretofore been useful, without doubt, in working both of these products, but there are also many other opportunities for the foreigner.

I am convinced that Peru's future lies in irrigation. Unquestionably there are great undeveloped mines of gold, silver, and copper, but mining does not permanently build up a country. What astonishes me is to see men search the mountains of Peru for metals, while great rivers of water are running through rich, uncultivated prairies to the sea. If these rivers were dammed, and the water raised to flow over the land, Peru would become a veritable Garden of Eden. To see these great stretches of desert causes one to think that they are incapable of development. This apparent sand is, however, very rich. It is necessary only to throw a seed into this parched yellow earth, pour on a little water each day or so, and soon will be grown the tallest stalk of corn any reader has ever seen.

The wealth of the United States and most other nations comes from agriculture. Fortunately, agriculture takes second place in the industries of Peru, the chief crops being cotton, sugar, and rice. The sugar is largely exported to England and Chile for refining; why not to the United States? The cotton raised is the finest quality, commanding a price ten per cent. higher than other cotton. Peru is the sole source of the world's supply of gray "wool" cotton. So closely does its fiber resemble wool, that the entire product is utilized in the manufacture of "woolen" goods, which are, in certain respects, improved by the admixture. The best grades are grown near Piura and shipped from Payta, the high quality being attributed to the peculiarities of soil and climate for which this narrow belt of coast is noted. Five good crops may be obtained from one planting, the third year representing the maximum yield. Irrigation is now necessary for all

crops in western and central Peru; but this fact often makes it possible to raise crops at any time. In Piura there is already a canal twenty-two miles long.

There are well-equipped cotton factories in Lima, Arequipa, and Ica. As every one knows, the by-products of cotton are useful, and increase its value at least one fourth. Although it is being more extensively cultivated every year, yet so far the demand continues to exceed the supply. Tobacco, coffee, wheat, corn, vegetables, and garden stuffs are also raised.

The cultivation of coca, from which cocaine is obtained, is carried on extensively in certain sections, especially in the Cuzco Valley, there being about twenty-five factories devoted to this business. The Indian is very fond of chewing the leaves of this plant for the pleasant stimulation which it produces. When he masticates it with a little clay, he finds in it a support which enables him to endure fatigue without food for long periods. Perhaps it is especially suitable for those who are obliged to work at high altitudes.

The Oroya Railroad, from Lima up, and then up, one of the most wonderful engineering feats in the world, is the work of an American, and, as one traveler has it, is "the marvel feat of the adventurous Meiggs, true son of Uncle Sam, the last word of all engineering and its most daring expression." He also built the road from Mollendo to Arequipa and on. His fame is perpetuated by a mountain near the Oroya road, rechristened Mt. Meiggs in his honor. This peak is two thousand feet above the highest part of the road, which itself runs along this Andean roof at a height of 15,665 feet. Other railroads are in process of construction, and many more are needed in Peru.

At present, the most promising of the Peruvian railway projects are the extension of the line from Chimbote and the proposed line from Payta to a port on the Marañon River, which is designed to run from Piura, by Sullana, Tambo, Salitral, Porculla (the highest point of sixty-six hundred feet), to a point near Limon on the Marañon. The total length of the railway will not be much more than four hundred miles, and the terminus of the line is within easy reach of Iquitos on the Amazon. A less important project is a line to connect Oroya, or Cerro de Pasco, with Iparia, a port on the Ucayali. This would carry some of the minerals as well as the products of the Montaña down the Amazon route. Yet a third railway is proposed from Checcacupe on the Arequipa Railway to a port on the Madre de Dios River. It will be years before all these projected lines are finished, and each one will be a rival to the Panama Canal. The sugar and cotton of the coast will still be shipped from Callao by Panama, but almost all the other merchandise of Peru will go by the river routes. The more the resources and communications of Peru are developed, the greater will be the wealth of Lima and the more civilized districts, which will always depend on the canal.

One of the crying needs in South America is good hotels. The people who travel on that continent come back complaining of the hotel accommodations, especially on the west coast. The railways should build hotels here, as has the Santa Fe in the United States.

Peru acknowledges that she alone has done about all she can afford to do in the way of railways, irrigation, and other development. She now needs more capital, and makes an appeal for it. She believes that

OROYA RAILWAY, PERU

if the foreigner will come in and help develop her land and increase her productiveness, it will not only bring him great profits, but will give her more money with which to buy goods from this country. Peru argues that much of our development in railroads and other great improvements have been brought about through foreign capital, and that now is our chance to help in the same way a small sister republic. Every important Peruvian whom I met appealed to me to tell my readers to visit and study Peru.

With the exception of Ecuador, Peru gains more than any other South American republic, as far as the shortening of the distance is concerned, from the Panama Canal. The distance saved between Callao and New York is 6,250 miles, while 4,043 miles are saved between Callao and Liverpool. Not only that, but of course the old route to New York by the Strait of Magellan cost more in wages and coal—nearly three times as much, in the case of a trip to New York, and twice as much to Liverpool. It seems therefore reasonable to suppose that much of the oversea trade to Peru will henceforth go through the canal.

It must, however, be remembered that a part of Peru, the Montaña, east of the mountains, which is believed by many to be one of Peru's greatest assets, has no bearing on the canal. Iquitos, on the Amazon, is already the second port of the republic, having about a quarter the trade of Callao, and all the produce of eastern Peru goes down the Amazon to the Atlantic. The Montaña has been producing rubber amounting to about six million dollars annually, and also exports cacao, coffee, cocaine, ivory nuts, and many other tropical articles. With improved means of communica-

tion, this trade may be largely increased; but however large it may become, these products will not go over the barrier of the Andes, but down the incomparable waterways which give Peru cheap and easy access to Europe.

Great Britain now has more trade with Peru than has any other country. As she also has most of the shipping trade, she is naturally much interested in the shorter course. The United States will doubtless gain considerably more than Great Britain, but our advantage is hardly likely to be sufficient for some time to transfer the carrying trade from the British flag. It is not probable, for instance, that the people of the United States will greatly increase their exports of textiles to Peru, merely because they can get the goods there more quickly. For some time to come, textiles can be purchased by the Peruvians more cheaply in Great Britain.

Though most of the Peruvian railways are under British control, they get much of their material from Belgium and the United States. It would seem as if the United States ought to gain more than any other country in the use of the canal, but this remains to be seen. We must be willing to study South American conditions, needs, and manners — as do the Germans — if we are really to get a strong foothold in Peru, or any other country of the continent. Peru is poor, and needs capital, labor, and initiative more than anything else. About fifty-seven per cent. of the population are Indians who cannot spend much on foreign goods. Hence, unfortunately, the outlook for immediate profits on investments does not seem bright enough to encourage foreign investors. With constant revolutions and boundary quarrels with her neighbors, Peru's future is

still rather unsettled. In short, Peru is to-day poor — yes, even land poor. Her progress will be slow, but this progress will be constant, and we should be prepared to have a part therein.

Peru needs immigration of active and progressive people. The Spanish will never do more for South America than they have done for their own country, while Indians are more or less the same throughout the world. To develop Peru, new blood is needed, and it must be brought into the country in such quantities as to change the customs and policy of the nation. This would result in a much needed separation of Church and State, with a corresponding reformation in national government. The future of Peru is handicapped by the Church, which, being very influential in controlling the State, does not want to be "separated," while the lawyers and military class, who alternately control the elections, do not want to be "reformed." Hence certain controlling interests, although friendly to capital when it does not interfere with church or politics, are opposed to that immigration upon which the future of Peru depends.

In considering business and investments in these South American countries, the condition of the government has a distinct bearing on the problem, and in this regard the people of the United States get very few real or complete facts. There are three reasons for this. The people of these countries are very hospitable and courteous. They are always gracious to all citizens of the United States who visit them, and after a man has been royally entertained, it is not easy for him to return home and say any unkind things about his hosts. Hence, as all men of importance are thus entertained,

it is very difficult to find many of authority who will give out the real truth to the public. Again, most of the information about South America which is distributed in the United States comes from the Pan-American Union, a distinctly optimistic organization. Naturally, nothing about unstable political conditions can appear in their literature. Finally, the reports of the consuls are carefully blue-penciled in Washington, and little is published about revolutions, strikes, and failures.

In Peru, revolutions still occur, although it must be admitted that the people seem little disturbed by them. According to the constitution, Peru has a president, one or more vice-presidents, a senate, and a house of representatives, supposed to be elected by direct popular vote for a term of six years, and a judicial department. Every citizen over twenty-one who can read and write is entitled by law to vote, but my friends who have lived many years in Peru tell me that it is difficult to find many who bother to vote unless they are members of the army or employees of the government. Incidentally, the government owns and operates the postal and telegraph lines, excepting the railway telegraphs.

Although President Oscar R. Benevides, whom I quote later, was undoubtedly a thoroughly good president, a delightful man, and friendly to the United States, yet it must be remembered that he was not elected by the people of Peru. This is nothing against him, as few presidents of the country have been elected by the masses; indeed, it may be in his favor. Personally I believe that revolutions have a legitimate economic function until real democracy is granted. This applies not only to South American countries, but to the world

as a whole. Only when the principles of democracy are applied to determining world policies will the economic causes of war be eliminated.

Since the country obtained its freedom from Spain in 1824 the control of the government has swung back and forth between military and civil authority. The last legal president before my visit was said to have been Legere, whose term expired a few years ago. His successor was elected, but apparently he was not wanted by the interests which controlled the police and the army, so that sufficient police protection was not furnished on election day. This resulted in confusion in certain sections, and the election was declared illegal. Congress was then induced to elect Billinghurst president.

After the lapse of a couple of years, certain interests decided that President Billinghurst had served long enough. There is no need of "recalls" in Peru. The courtly Colonel Benevides went to the capital with a body of men and asked Billinghurst to resign. As Mr. Billinghurst thought he was too young to die, he graciously resigned. Although there were one or two vice-presidents, neither of them was apparently considered as his successor. They wanted to live longer, so perhaps they resigned likewise. Colonel Benevides thereupon assumed the presidency, "because there was no one else to serve." This was only in February, 1914.

Now I am not telling this story in disparagement of any president of Peru. I simply want readers to understand that there may be no such thing as a "Republic of Peru" as we understand the term. Liberty of government, liberty of speech, liberty of worship, as we know

such liberty, does not exist in Peru to-day. Votes are said to be bought and sold so that the men who control the army and the police elect the congressmen and president. Whether this is so, I do not know.

It is probably true that these revolutions do not disturb business any more than our presidential elections in the United States, nor do they cost as much; but one certainly cannot tell when revolutions are coming as we can anticipate our elections. However all this may be, Peru is an attractive country, with a lovable people. With the proper amount of irrigation and with suitable immigration, it should develop as rapidly as our Western States. The most prominent business men think so, and this is well illustrated by my interview with President Benevides, a well-groomed man who looks much like a New York banker. His suggestions are the more valuable because they are addressed not only to manufacturers and exporters, but to all people, showing them an opportunity to help in gaining South American trade. He said:

"Urge the American people to insist that Spanish be taught in every high school in your land. I understand that in the commercial high schools of a few of your cities, the language is already taught; but this is not enough. It is unreasonable that there are hundreds of your schools teaching German to every one that is teaching Spanish. Not only does our mutual safety as Americans (for we, the citizens of Peru, are as much Americans as are the citizens of the United States) depend upon a union of the English and Spanish races; but our mutual financial interests depend upon the same thing.

"The thoughts of the children of a nation are unconsciously focused on those nations whose language they are taught in the public schools. If you want your people to be interested in Germany and France, and to have no interest in South America, then continue to exclude the teaching of Spanish from your schools. But if you want the masses of your people to become interested in South America, then insist that Spanish shall be taught in every high school in your land.

"For entrance into college, Spanish should be required, with an option of either French or German. We are teaching our Peruvian children English and French. We are doing this not for the purpose of making salesmen of them, to send into the United States and elsewhere; but because we want to focus their attention on your country. We want our children to know more about our brothers in North America. We can best accomplish this by teaching them English.

"We want your people to know more about us; not your big corporations and banks, but the masses in your country. In order to form closer relations between the two great continents of North and South America, there must be a closer relation between the great 'common' people of the two continents."

I then asked the President wherein the people of the United States had failed in their relations to South America.

"What is it," said I, "that we have done in our dealings with South America which we should not have done, or left undone which we should have done?"

To this question the President replied in substance as follows:

"Considering our very friendly relations, you must

not ask me to refer to anything which you have done which I think you should not have done. I cannot criticise your people or your country. We Peruvians all value your kindness too highly. It would be very unbecoming in the President of Peru to criticise in any way even the manufacturers and business men of your country.

"As to your sins of omission, I will venture to suggest that your textbooks and newspapers give too little space to South America. Remember that this southern continent is a tremendous affair from every point of view. Do your schools give sufficient attention to our importance? Do the geographies and histories studied by your people give enough space to Peru? We want the school children of the United States to know more about Peru and its great natural and other advantages. I do not criticise your people for not extending to us more credit, nor for not better adapting yourselves to our ways and needs, but I do think your people should give more time to visiting our country. Here you and others come only for a few days, hastily seeing only a few of our cities and talking with only a dozen or so of our people, and then you return to the United States to give lectures and write articles on Peru.

"After you have been here and lived with us, so as to know us and our resources, if you then decide that Peru does not deserve credit and the like, very well. But I urge you not to judge us without real knowledge, acquired by personal study and observation when possible, and otherwise by reliable textbooks and histories. Thus my only criticism is that the great and powerful everyday people of your country have been taught too little about our land and its resources. My

earnest suggestion to the people of the United States is that they demand a greater knowledge of Latin America, which during the next fifty years is to have the same wonderful development which your great supposedly barren West has had during the past fifty years."

To check up this remark, I have referred to my daughter's school geography. I find one hundred and thirty-five pages given to the United States, and only one to this great country of Peru, which is ten times as large as all New England! The same book gives only two and a half pages to Brazil, which is larger than the entire United States! In comparing the space devoted to North and South America, I note one hundred and ninety-seven pages describing North America, and only twenty-two on South America. Not only this, but only two thirds as much space is given in this modern geography to the great and rapidly developing continent of South America, lying at our very door, as is given to Asia. In short, out of a total of about four hundred pages, only twenty-two are devoted to this great continent, the development of which is so very important to our political, industrial, and social welfare.

Now that we have spent four hundred million dollars in building the Panama Canal, let us adopt President Benevides' suggestion and insist that our children shall know more about Latin America, its history, customs, and opportunities. As he so tactfully said: "Although members of the same family, we are relatives who are very little acquainted with one another."

I next asked the President to forecast the changes which are likely to take place in Peru during the next twenty-five years, and he replied that the development

of Peru would come about in three ways which he enumerated thus:

(1) Railways; (2) mining; (3) irrigation. Concerning these, he said in substance:

"Most of all, Peru needs railroads and means of transportation. As you know, we have two great ranges of mountains, one along the coast at the west, and the other toward the border of Brazil on the east. Between these two great mountain ranges is a rich and fertile plateau, about two hundred miles wide and eight hundred miles long. Here is the most perfect climate in the world, and only railroads are needed to develop the country. These mountain ranges absolutely lock up this fertile plateau, and only by railroads can they be pierced. This can perhaps best be done by building a railroad from Chimbote to Huarez, and my government will consider itself bound to secure the conclusion of this project. The wealthy Department of Ancachs will be transformed by this railroad. The same principle applies to other projected lines. Of course, to make the railroads pay, their building must be accompanied by colonization; and now that the Panama Canal is open, we expect much immigration from Europe, and will judiciously encourage it.

"Simultaneously with the building of railroads will come mining development of the great deposits of copper, gold, silver, and lead, as yet comparatively little worked. Petroleum has been discovered in good paying quantities, and geologists believe that large reserves exist. Coal is abundant, a large bed of anthracite being known to lie in the hinterlands of Chimbote. These minerals and coal need only transportation to make them a source of great wealth. Tungsten ore, the

basis of the new incandescent lamps, which are rapidly becoming so popular, is also plentiful in Peru. Hence I expect that the immediate future of Peru will be largely mineral during the next twenty-five years.

"The ultimate future of Peru, however, is coming from agricultural development. Peru has a possibility of forty-three million acres of good land that can produce anything, of which only one million is now under irrigation."

As I have already indicated, the territory of the republic may be roughly divided into three great natural divisions: the low, semi-tropical plains and valleys along the Pacific coast; the temperate plateau and mountain region of the Andes; the region of the great forests, that is, the tropical valleys and slopes of the Eastern Andes, known as the Montaña.

The great national problems are the irrigation and colonization of the coast lands, the agricultural development and stocking of the upland plateaus, the mining development of the mineral-bearing ranges, and finally the clearing and settlement of the Montaña. Thousands of square miles are already under irrigation. Peruvian mines have been famous for centuries; there are many large cattle ranges in the interior, and at least a score or more of flourishing settlements exist in the Montaña, but all this is merely preliminary to the possibilities of accomplishment in this direction.

Peru is destined to become the greatest sugar country in the world. There are four reasons for this:

1. Peruvian cane runs as high as forty tons an acre compared with an average of twenty-two tons in Cuba.

2. Peruvian sugar has a very high percentage of saccharine.

3. Sugar can be started and ground in Peru every month in the year, thus enabling both the mills and the field labor to be constantly employed.

4. There are no storms or other weather conditions which harm the crop. Although twelve hundred miles nearer the equator than is New Orleans, Lima is twenty degrees cooler in summer as well as twenty degrees warmer in winter.

The future of Peru will witness the development of a great cotton-growing industry. There are four reasons also for this:

1. Many Peruvians are growing cotton at from 600 to 900 pounds an acre, with a maximum of 1,384 pounds.

2. The Peruvian average production is 484 pounds an acre, compared with the Egyptian average of 390, the United States average of 308, and an Indian average of 70.

3. The Peruvian cotton has a very long staple, which is greatly sought after by all buyers.

4. The cost of production in Peru is two or three cents per pound less than in the United States.

In addition to sugar and cotton, much is being done in the development of coffee plantations and vineyards, and the raising of cacao, coca, tea, rice, olives, fruits, tobacco, and various vegetables of the temperate zone. Among these may be mentioned potatoes (some claim that Peru is the home of the potato), beans (we all have heard of Lima beans), barley, wheat, and alfalfa.

I was very much interested when in Peru to see corn growing at so many different stages in the same field. Apparently there are plantings every month or so. Within a small area would be found corn in five stages,

viz., two inches high, a foot high, just beginning to tassel, just ready to pick, and finally, dry stalks being gathered for the barn. Of course irrigation was necessary for this, as it is for securing any good results in certain parts of Peru.

For water, Peru must depend upon the bountiful rivers which flow from the snows of the Andes. Neither rubbers nor a raincoat can be purchased in Lima. In fact, a week of rain such as we sometimes see in the United States would destroy whole villages! As many of the houses are made of adobe, the rain would melt them, and the mud would run away. Although so dependent upon irrigation, Peru blossoms wonderfully with its aid. The most valuable lands in the world today are not those having plenty of rain, without sunshine; but those having the maximum of sunshine and the maximum of irrigation.

One should not go to Peru without capital, as it takes more money to get started in Peru than perhaps in some of the other South American countries. Mining always takes money; irrigation is likewise expensive in the beginning, and agriculture in Peru must always be an irrigation proposition. Again, mining and irrigation lands must be purchased with real cash. They cannot be taken up as "homesteads," or bought from railroads at a few dollars an acre. Hence the future of Peru depends upon immigration that can command capital. Let those of us who love Peru do our best to secure for it such people.

CHAPTER XI

Bolivia

Imagine a country as large as the whole of Germany and Austria, cut up by great mountain ranges, and having only a few miles of railroad. Imagine this country without a seacoast — the third largest country in South America — to have a population equal to that of Berlin and its suburbs scattered over its immense area. Imagine these people to be savages — there are but two hundred thousand white people, and these mostly in the cities — or semi-civilized Indians, most of whom have never seen a train of cars or even a four-wheeled cart, speaking several different languages. Imagine these people, without education or means of communication, trying to have a republic.

Yet Bolivia has a government very much like our own, with a congress, judiciary, and a president. The inhabitants are supposed to have equal suffrage and be a free people. It is needless to say, however, that a very small minority control the government of Bolivia. The future of real republican government in Bolivia depends upon more railroads, schools, and other means of making the people more homogeneous.

Bolivia is an artificial creation without natural boundaries or physical characteristics distinctive from those of its neighbors. When this territory was freed from the Spaniards and named for the great "Liberator," Simon Bolivar, it had a seacoast, but this was

lost later in an unfortunate war with Chile. Thus all the commerce with Bolivia has first to pass through another country, which puts the Bolivians in an unfortunate commercial position. There are now three ways of getting to Bolivia. One may go from the Peruvian port of Mollendo, a little mining town of which we have many duplicates in Nevada, Montana, and Arizona. From here a railroad winds up to Puno on Lake Titicaca, the highest large lake in the world, a distance of three hundred and thirty miles. Here the goods are transferred to small lake steamers and carried to the south end of the lake. Again they must be unloaded and placed on the railroad and hauled the remaining sixty miles to La Paz, the largest city of Bolivia. The city is a little more than twelve thousand feet above sea level, and is only three hundred miles from Mollendo, but the journey takes about two days.

Or one may go to Bolivia from the Chilean port of Arica, the most direct and most recently opened way. The city of Oruro, from which the route takes its name, is twelve thousand feet above the sea, but the road goes higher. The grades on this road are very steep, and cogwheels have to be used for part of the way. Oxygen compartments for those who have difficulty with the altitude are provided in some of the cars. The third way to La Paz is from Antofagasta, and is considered by many the best way, although the distance is seven hundred and thirty miles. Whatever route the traveler takes, a climb of about fourteen thousand feet above sea level is necessary in order to cross the great Andes that stretch like a fence down the coast of South America.

Like other South American countries, the character

and climate of Bolivia differ greatly in different sections. The western portion is very much like central Peru, and has a fine clear climate. It has the appearance of a barren desert until water is turned on, when it becomes a veritable garden. The beauty of these occasional cultivated sections of the desert is broken now and then by the sight of rough mining towns; and mines are the principal reason for the existence of life and business in Bolivia. The southeastern portion of the republic is a plateau gradually sinking to the prairies of Argentina, Paraguay, and Brazil. This plateau is little used to-day, but very likely is possible of much development. The northeastern portion is heavily wooded, with a hot and wet climate, such as one finds in the rubber jungles of Brazil. This means a change from extreme cold and dryness in the western section to extreme heat and humidity in the northeastern section, while the southeastern section has a temperate climate.

Bolivia is about eight times the size of New England, and its resources are quite as great as those of Venezuela, Ecuador, Colombia, or Peru. The population is only about two million, or little over three to the square mile. Most of the people are Indians or "dark" whites.

La Paz is the largest city, and is the highest in altitude of any city in the world. It lies in a cañon eleven hundred feet below the level of the table-land. For one who can stand the altitude, it is an interesting place. It is probably the most spectacular and original city in the world to-day, rivaling Cairo, Bombay, and even Pekin. Here one sees a beautiful city as clean as many northern cities, crowded with Indians who vie with one another in wearing gay colors. Llamas are

seen passing up and down the streets as one sees automobiles in other towns; the wild vicunas are heard in the outskirts, while surrounding the city are vast, snow-capped mountains about twenty thousand feet high. La Paz is a wonderful sight, and if it remains as it is at present, our children will be going up there instead of up the Nile. The climate is fine, although the temperature averages only fifty degrees. Coal is very high, costing from thirty to fifty dollars a ton, so that fires are a luxury. I believe that the future of La Paz is very bright if it is properly advertised and keeps its quaint and artistic coloring.

Most of the wealth of the country is now mineral, although there are some exports of coffee and coca, from which cocaine is made. The western portion of the country is rich in copper and silver, while the southern and eastern portions are rich in silver, gold, and tin. One third of the world's supply of tin comes from this country. Borax, nitrates, and various other chemicals are also found.

Any reader wishing to buy a mine cheap should go to La Paz, where mines can be purchased for a song. Moreover, these are not fake mines; they contain real deposits of valuable metals. They are cheap because they are inaccessible. Machinery is necessary to work them, and to get it over these mountains and through the deep cañons is almost impossible, certainly impracticable. However, great wealth is eventually coming from these mines, which can now be had for the asking.

There is no manufacturing in the country, so that the imports cover everything in the line of textiles and machinery. So far the United States has done less than one tenth of the business there.

Although many disagree with me, I believe that Bolivia has vast agricultural possibilities, when the world needs her pastures. Agriculture must be carried on, however, by irrigation and along scientific lines. At the present time, the farmers are raising corn, maize, beans, and similar crops, for local consumption. The chief agricultural exports are hides and wool.

In addition to La Paz, there are several other cities of importance as trade centers for isolated districts. Oruro, the center of the tin mining region, has twenty thousand inhabitants. Potosi, famous for its mountain of solid silver, has been given a new life by the construction of a railroad, and now also has twenty thousand inhabitants. Sucre, still in law the legal capital, has a good deal of wealth, and is an attractive city for the tourist. Cochabamba is the center of a great agricultural district, and Santa Cruz is the most important town in the great tropical agricultural region.

It may be fifty years before Bolivia becomes an agricultural country; it may be twenty years before its mining possibilities are fully realized, but its scenic and historical advantages should be capitalized at once. Instead of taking people to Egypt, they should be taken to Bolivia and the land of the Incas. The future of Bolivia lies in making itself known, and I can see no better way than for the government to build fine hotels and to encourage tourist travel.

CHAPTER XII

Chile

After leaving Mollendo, Peru, and sailing south two nights and a day, the next port reached is Arica, in the northern part of Chile. In contrast with the desert coast, Arica is surrounded by green trees and other verdure, which has caused one traveler to call this little port the "Emerald Gem of the West Coast." Here there is an open harbor, protected on one side by El Morro, 855 feet high. The passengers are landed on a stage from open boats, instead of being hoisted up in chairs, as at Mollendo.

The constant quarrels which have usually resulted in Chile's getting more and more of the territory of Peru, and therefore the great wealth of the nitrate lands, constitute a large part of the history of this region, where most of the fighting has taken place. As a matter of fact, the boundary line is not absolutely settled yet.

As in the other coast cities, the houses of Arica are of one story, and painted in various colors. A highway constructed by the Incas to Bolivia is still in use, and ore is brought down over it on llamas, although a railroad is now completed to La Paz and beyond. Freight rates are necessarily high on account of the heavy grades.

At Arica, if one is interested in antiquities of this kind, may be seen the prehistoric cemetery which con-

tains preserved mummies, reputed to be the equal of those in Egypt. These mummies have translucent eyes, with a rich amber tint, which scientists say have been taken from cuttlefish and substituted for those of the dead.

Chile is the most curiously shaped country in the world. If Massachusetts were to be extended westward through the Central States to the Pacific Ocean, it would be about one hundred and twenty-five miles wide and nearly three thousand miles long. Imagine this belt of land turned on end, so that it would lie north and south instead of east and west, and you will then have an idea of how large and how peculiar is the shape of Chile. It runs up and down the west coast of South America, mostly in the temperate zone, just as our own west coast borders on the Pacific Ocean, and if the southern end of Chile were placed at the southern end of Mexico, its northern line would reach Canada. It has thirty-eight times the area of Massachusetts, but its population is considerably less.

Chile is divided longitudinally by the Coast Range in the west and the Andes in the east, and from Santiago one can see both ranges. According to zones, the northern part to the twenty-ninth parallel is tropical and bare, though rich in minerals. The central part to the thirty-eighth parallel is temperate and includes fertile plains and the largest towns and commercial cities. The southern section, extending to the tip of the continent, is thickly wooded and subject to heavy rainfall, but little developed, and with a sparse population. The central part is the real Chile.

It is obvious, therefore, that one can obtain at the same time any kind of climate in Chile. The northern

part is always hot and dry. The mining zone has typical Colorado weather, with sunny days and cold nights. The agricultural zone has splendid temperate weather all the year round, very much like the weather of southern California, but with a rainy season from June to September. The southern zone is a good deal like parts of Canada, with much rain, a short, beautiful summer, and a long, bleak winter. The winters of Patagonia, however, are not so cold as one would think, owing to the great quantity of surrounding water and the very little land. On the same day one can pick roses in the valleys surrounding Santiago and snowshoe in the Andes east of the city. These varieties of climate should some day make Chile popular with tourists, who are already calling it the "Switzerland of South America."

These different climates should also become valuable to Chile in future years for agricultural and industrial purposes. Not only will she be able to mine and raise the raw materials necessary for manufacturing almost every kind of goods, but her climate is suitable for the operation of factories and mills. The nitrate mines in the northern part of Chile are now looked upon as Chile's greatest resources, for about seventy per cent. of her exports are nitrates. Unfortunately, this rock is not used in Chile for manufacturing purposes. The mining and shipping of it is all there is to the industry. Chile's great mineral resources of copper, iron, and coal are yet undeveloped, although the largest copper mine in the world is being developed in the province of Chuquicamata. The Chileans are especially interested in their iron deposits, believing that the time will soon come when blast furnaces and rolling mills will be erected. They also have the same hope concerning

their deposits of other minerals and their timbers. The Chileans are not so much interested in the exportation of these raw materials to other lands as they are in their utilization in Chile.

This is something about Chile which the people of the United States have to learn. We are apt to think that South America exists simply to buy goods from us. We must remember that some of the people of South America are as keen for developing their own industries as we are. This especially applies to the Chileans, and is the reason for their slogan: "Chile for the Chileans."

After the founding of Lima, Chile was invaded by the Spanish, grants of land being given by the king to Pizarro and others. These naturally wanted to gain more territory. Encouraged by the reports given out by the Incas (doubtless in order to get the Spanish out of their country) that the regions to the south were yet richer in gold and silver, they pushed southward, suffering almost incredible hardships. Those going east met with no success, but Valdivia, going along the shore, reached Arica. There he made rude vessels, and proceeded by water, and in 1541 founded the city of Santiago. Continuing south, he made other settlements, but was later treacherously captured and put to death by the Indians. For two hundred and fifty years the strife went on for the subjugation of the Indians. Finally, when the Chileans rose against Spain, the Indians joined them against their common enemy, and a sort of friendliness was established which still exists.

The revolutionary movement for independence which swept the American continent at the beginning of the nineteenth century found an echo in Chile in the year

1810. On the eighteenth of September of that year, Chile proclaimed her independence, but it was only after a struggle of eight years with Spain that Chile attained her desire. An independent government was formed, but there then arose a succession of revolutions and dictators, followed by an era of anarchy. At last this reign of license was checked by Diego Portales, a man of "superior powers," who formulated the "Constitution of 1833" and organized the Chilean nation along conservative lines. Although assassinated in his prime, yet he was followed by some fairly good men who carried out his plans. The term for the president was then ten years, and each served the full period, while the rest of South America was in the throes of continual revolution.

The Constitution, established in 1833, has remained unaltered, with but slight changes, until the present time. The principal theoretical characteristics of this Constitution are as follows:

1. The Government of Chile is a "popular and representative body."
2. The Republic of Chile is indivisible, *i. e.*, not a federation.
3. The governing power resides "in the people" who confide this power to the authorities established by the present Constitution.
4. All people are equal before the law.
5. Personal liberty and inviolability of property are assured.
6. There is liberty to reside in any part of the country, provided the police regulations are respected. No one may be arrested without a warrant, or imprisoned or deported without judicial proceedings.
7. The right to hold meetings without prior permission is provided.

8. The right to publish any opinion through the medium of the press is provided.

9. Slavery in any form whatsoever is strictly prohibited.

10. The inviolability of the home is guaranteed by the Constitution to all residents in Chile, as also the inviolability of letters and documents.

Gradually during the term of Montt, 1851–1861, liberal ideas began to develop, and in 1886 Balmaceda became the first democratic President of Chile. As this man had been influential in Chile's very successful war with Peru, he was given the nitrate fruits of that war to spend. This wealth Balmaceda spent with great freedom. He built schools, colleges, railways, breakwaters, ironclads, and great public buildings. Chile, which up to this time had been a very conservative and frugal nation, at once blossomed out into a dazzling — although tiny — empire. But this great democrat transformed Chile morally as well as materially. As in the case of most families, the character of the people began to decline as their wealth increased. Although we are perhaps perfectly willing to be harmed in this way, yet history is continually proving that wealth takes away the life and energy of a people. Wealth permits the erection of monuments, but does not provide health and happiness.

In 1891 Chile was rent by a most peculiar revolution. Congress, the bankers, and the merchants revolted against President Balmaceda and his democratic ideas. They had become intoxicated by their wealth, and the President had become intoxicated by his democratic ideas. These he put forward at too rapid a pace. For a short while, bloody and bitter conflict lasted, but Congress was triumphant at last.

It was during this revolution that the United States became involved with Chile in such a way that a war was narrowly averted. The people of Chile were bitterly aroused against the United States in the belief that we had played a considerable, though secret, part in the conflict. Sailors from our fleet were attacked in Valparaiso, and two were killed. The trouble was settled by the payment by Chile of seventy-five thousand dollars, but the feeling against North Americans was very intense there for years. From that day the presidents of Chile have been largely figureheads and not powerful dictators, as are the presidents of Peru and most other South American countries. The real government of Chile is now in the hands of Congress and is much like the government of England. Authorities on South America tell me that Chile *now* has the most stable government of any of the twenty Latin-American "republics."

I italicize the word "now," because it must not be forgotten that the government of Chile is to-day controlled by the bankers and large landowners. Although Chile is not dominated by a dictator or a group of irresponsible politicians, it is not governed by the people, nor for the people. Of course, this cannot long continue. Either gradually or suddenly, there surely will be a decided reaction against wealth, landlords, and the present oligarchy. The working people of Chile, who are now struggling under severe uneconomic taxation and constantly depreciating currency, will some day rebel. Then the great landowners will be taxed as they should be. Then the great estates will be broken up into small farms, and then the immigration which Chile so much needs will develop.

In connection with immigration, it should be said that the Japanese are playing a considerable part in the country. They have sent a large amount of capital there, have established business houses, and the fisheries of the country, in particular, are being exploited by the Japanese.

Hence, although Chile to-day, with its compact and homogeneous people, unspoiled by foreign blood, is friendly to capital, we must not fool ourselves with the idea that conditions will long remain the same. Those who go to Chile to develop mines, irrigate land, or build factories for the Chilean people will make money and be treated justly. Those, however, who expect to depend upon either their exports or imports, and continue to remain "foreigners," may fare no better in Chile than in other South American countries. Chile to-day and for the future needs much capital. Hence the future of Chile depends largely upon its treatment of capital. For Chile to have a bright future, she should waive her right to put export taxes on any product whatsoever which can be secured elsewhere.

A night and a day from Arica brings the traveler to Antofagasta, the terminus of a railway from Bolivia. Antofagasta is a considerable town which, in spite of a bad harbor, has a large commerce. As in most of these South American towns, the streets cross at right angles, and here they are broad. There are telegraph and cable connections, gas lights, a mule-car line, and fire companies. There are also two silver-smelting works, one of which is the largest in Chile, and nitrate works.

Business is often better in Antofagasta than in any other West Coast city. This is probably because it has

more diversified interests. Most people in Chile have sought the nitrate mines and neglected manufacturing and agriculture. For this reason, I believe that great opportunities exist in Chile to-day for manufacturing. Here is a rich, compact little country, about twice as large as California, with only three million people, almost without industries of any kind. Instead of trying to sell goods in Chile, I would be tempted to go down there and manufacture them. Almost any line will do. Ready-made clothing would be a good one with which to start. Underclothing of any kind, rugs, soap, and in fact anything that one uses or should use ought to be good also.

A stove foundry ought to pay. Chile has coal, but very few people have stoves. The older generation were trained to go without artificial heat in winter, and they shiver from June to September. The younger people, however, are now insisting on having more comforts, and so the demand for heating appliances is increasing.

Articles difficult to ship from the United States and Europe should also be profitable to manufacture in Chile. I have in mind furniture which is too bulky to ship. Chile has beautiful woods of all kinds, yet much of their furniture is made in Germany. Another suggestion in this line is glass.

Dynamite, powder, and other explosives should be manufactured in Chile. Here is the home and source of the world's nitrate, the basis of most explosives, and among the mining camps of South America there is a great market for explosives. Yet to-day the nitrate is taken from here to America and Europe, where it is made into dynamite, which, at great risk, is shipped

back again to Chile, Bolivia, and Peru. It seems as if some enterprising Yankee could easily become the "Du Pont" of South America.

Of course it would take time and capital to start all these things, and Chile at present is no poor man's country. Don't go to Chile unless you have capital. During a single day I have been stopped on the street by three stranded United States citizens who were begging for funds by which to return to "God's country."

The only way to find the opportunities in Chile is to go there and look for them. It is impossible to get accurate information in any other manner. The difficulties are outlined in the following interview with one of my friends in Antofagasta:

"You North Americans are the most gullible people that ever came down the pike! You come down here to study trade opportunities. You bring letters of introduction from your big city banks to their correspondents here. These correspondents are either the English or German banks. You fellows take a taxi from the boat to the banks, courteously present your letters, and begin to inquire of your worst competitors regarding the trade opportunities in South America! These Englishmen and Germans are estimable people; they give you cigars, they cash your checks; they even invite you for an automobile ride; but they do not tell you the truth about South America.

"The English and Germans have never liked you. Now, since you are seeking to secure their customers, they truly hate you. You feel complimented when they take you to the 'English Club' for luncheon or a cup of tea, but even this is a part of their well-laid plans to misinform you. At the club they introduce you only to

the chronic kickers. In addition, they egg them on so that even they appear at their very worst.

"As a result of this misinformation, you conclude that there are no opportunities on the West Coast of South America. Why don't you go to one of our large native banks and at least hear the other side? I'll tell you the reason — it is because you cannot speak Spanish and must depend upon what your foreign competitors tell you."

Certainly opportunities do exist and careful investigation will find them.

Before passing to another subject, let me present four reasons given to me why Chile possesses good opportunities for manufacturing:

1. The nature of its territory, which permits of easy access to the sea from any of its centers, and the linking up of the latter by the Longitudinal Railway, which will shortly be completed, and which will unite the extreme north with the part farthest south, of its territory, excluding the insular region.

2. Its immense deposits of coal, copper, iron, sulphur, and nitrate.

3. The great abundance of hydraulic power furnished by numerous rivers, having their sources in the Andes.

4. The efficient protection afforded by the States to newly established industries, and the protection the State also grants to undertakings introducing foreign capital into the country.

As nitrates are now Chile's chief export, a word about the industry may be of interest. The nitrates are here because it never rains. If it did the mineral would have been washed out long ago. These nitrate lands are barren desert, without a blade of grass or a shrub.

The region containing them is a tract of land of about two hundred and fifty thousand acres, with an average width of two and a half miles, extending between the Coast Range and the Andes. It is wonderful that here is a whole wide region absolutely unable to support human life, and yet alive with a busy population. All supplies, including water, have to be brought to the place.

The deposits are often found under layers of earth of varying depth, though sometimes they are on the surface. They are not continuous, but seem to occur in spots. The raw material, called "caliche," contains usually from twenty-five to sixty-five per cent. of nitrate of soda. After the rock is broken up, it is cooked in tanks from eight to twelve hours, the sand and refuse settling to the bottom. The liquid, which is called "calso," is run off into vats and is then allowed to evaporate or crystallize. These crystals, when treated and ready for export, contain about fifteen per cent. of nitrogen and thirty-five per cent. of sodium.

The amount of production is regulated by a syndicate, according to the needs of the world. It is interesting to visit these establishments, called "officinas," but most persons find it gloomy and depressing. The superintendents, doctors, and other officials are well paid and have comfortable quarters. It is said that one hundred million dollars of British, German, and other capital is invested here. Very large fortunes have been made. Some new nitrate lands recently discovered are priced as high as two thousand dollars an acre.

An authority says:

"The nitrate of commerce is a white, cheese-like substance, from which the highest grade gunpowder is

made; it is also used in chemical works to produce nitric and sulphuric acid, etc., but the bulk of it is used as a fertilizer, doubling or tripling the harvest. As to its origin, there are various theories, but none is generally accepted. A by-product, a yellow liquid, which in its preparation is drawn off from the nitrate into a crucible, is then chemically treated, poured into smaller pans, and on cooling leaves on the dish a blue crystal, the iodine of commerce, which costs as much per ounce as saltpeter per hundred pounds. The casks in which it is placed are covered with green hides which shrink and keep out the moisture. Worth from seven to eight hundred dollars a cask, the iodine is shipped in the treasure vaults with bullion. About forty per cent. of the nitrate goes to Germany, thirty per cent. to the United States, twenty per cent. to France, and the rest to Great Britain and Belgium."

Most estimates seem to agree that the nitrate fields may last for at least one hundred and fifty years. The export duty or royalty levied by the Chilean Government gives a large annual revenue, and is indeed the financial mainstay of the republic, enabling direct taxation to be fixed at a low figure. However, it is a question whether Chile would not be better off in the long run without these nitrate fields, which Peru claims Chile stole from her. For they are cultivated to the neglect of agriculture and manufacturing. When Peru owned them, they proved to be the source of more evil than good, because they brought such large sums into the treasury that military adventurers wanted a share, and thus revolutions were made more frequent. It is, of course, claimed that no such thing need be feared in Chile. However, as the nitrates are part of

the capital of the country, which will some day be exhausted, it would certainly be wise for Chile to expend at least the greater part of the revenue from them in creating other industries.

After sailing for eighteen hundred miles along a barren, desert coast, with only an occasional green spot, like Arica, it is good indeed to approach the next zone of Chile, and the port of Valparaiso, rightly named the "Vale of Paradise." This largest and busiest port on the Pacific coast of South America has no natural harbor, and storms make landing difficult, but a breakwater which will remove most of the danger is in process of construction. This harbor is a very busy place, being next to San Francisco in importance among American Pacific coast ports. Valparaiso, with a population of two hundred thousand, is the wholesale center of Chile. Santiago claims two hundred thousand, and is the great retail center. There are about twenty citizens of the United States in Valparaiso and about two hundred in Santiago. There are probably in the whole of Chile not more than six hundred men from the United States.

The substantial business portion of Valparaiso is on a narrow strip of shore between the sea and the hills, varying in width from two blocks to half a mile, and the houses look as if they were climbing the hills! Many of the business buildings are two or three stories high, and it is hard to believe that the city was almost destroyed by earthquake and fire in 1906, the same year as the San Francisco disaster. Earthquakes are frequent but slight, a big one not being expected oftener than once in fifty years. The city has a frontage along the bay of four and a half miles, and the streets in the

level section are comparatively straight. The nineteen hills upon which the rest of the city is built are reached by rambling and winding lanes, by stairways, and by steam elevators and cable cars. The lighting is by gas and electricity, the water comes from two reservoirs in the mountains, and there are double-decked electric cars with *women conductors*. It appears that in the war of 1879–1881 so many young men joined the army that women entered this service. As they proved to be satisfactory, they were retained, though not to the exclusion of the men. They are not giddy young girls, but are evidently of the working classes, of rather stolid appearance, and very intent upon their duties. They wear a dark blue uniform with white aprons, and collect fares from the upper story of the car and swing along the sides in quite a manly fashion, though somewhat hampered by their full skirts. It is pleasanter riding on the top of these cars; but as the fare is only half, the upper classes never ride there except in the evening, when they may not be recognized from the street.

The flower and fruit markets rival those of California, and the hillsides are covered with the yellow California poppy. A few miles north is the pretty residential section called Vina del Mar, where there are race courses and polo grounds. Many heads of commercial houses have their homes here, including English and Germans, as well as Chileans, who in many cases are descended from Europeans. Some of these British business men will tell you that the young men who come from England are not, as a rule, equal to those of thirty years ago, nor indeed equal to the young Germans who come out. They care less for their work, are more interested in sports than in any pursuit needing mental exertion,

and are less willing than the Germans to spend their evenings in the study of the language and business conditions of the country. Whether this is true or not, it is certainly said in many foreign ports of the young men who come to take the places of their elders. This, however, should give the young men from the United States an additional advantage.

Valparaiso, as I have said, is the great wholesale market of Chile. Here are located the home offices of the importing houses that send their traveling men up and down the coast. One of these men has said:

"Valparaiso buys and sells almost all there is to buy and sell. I do not believe I would except even snow plows. My knowledge of the entire commercial world may not be big enough to make me an authority on the matter, but I would not hesitate to bet on that statement. Chile needs much of what is used in the tropics over her northern areas; over her southern territories and Tierra del Fuego she needs much of what is used in cold countries; and of course she consumes everything needed in the temperate zone, because there the bulk of her population lives. Valparaiso keeps a finger on the pulse of customers throughout this diversified region, and loses no chance to supply what may be needed. Yes, indeed, the man who knows how can sell practically everything in Valparaiso or some part of Chile."

Regarding the reason why Europeans have been so great a factor in the development of the South American countries, a writer who is also a successful commercial traveler in all the Americas has this to say:

"As the whole country grew and a foreign trade became more necessary, it was Europe that first and

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VIEW OF VALPARAISO, CHILE

quickest supplied the wants of the people, taking their products when they were sent abroad. From Europe the people came, as they came to the United States, immigrants willing to undertake new work. On the West Coast, only Chile had a noticeable immigration, but European capital was glad to provide the strength where native arms had the ambition to undertake material improvements. Thus the feeling that Europe was a friendly neighbor grew by an uninterrupted intercourse after independence was declared. The United States, on the other hand, removed as it was in a geographical sense, and failing to keep up a foreign commerce while its own interior resources were being so marvelously developed, fell away from an intimacy established in earlier days."

Thus there is in South America a close affinity to all European standards. The people do not know North Americans. They are willing to welcome any Yankee who comes to them with an honest and open mind, but he must prove his purpose to be sincere. Europe is already in Chile. The United States had little to do with the commercial prosperity of Latin America. Hence the markets of South America, however vast their consuming power, can be reached only by an understanding that Europe is a great competitor, and that manufacturers in the United States must meet European standards if they are to obtain the success in South America for which they hope. It is the failure to grasp conditions of this nature that discourages some commercial men when entering the field for the first time.

One trouble with men from the United States is that they are in too much of a hurry. We must respect the

"mañana" (to-morrow), and get acquainted with the people and their customs before attempting to do business.

A merchant in Santiago criticised our salesmen as follows:

"The salesmen whom your manufacturers are continually sending down here are in too great a hurry. They visit three or four of our principal cities and then fly over the Andes from Santiago to Buenos Aires. Before your countrymen can hope to secure trade down here, they should study South American geography. Our most rapidly growing cities your salesmen never go to because parlor cars do not run there. The English and German salesmen do not wait for parlor cars or good hotels. They not only visit these growing southern towns, but they remain long enough to learn the people and secure their friendship. You North Americans think that the only factors to secure trade are price and quality. This idea is a great mistake when applied to South America. Friendship and credit we consider more than price and quality. We also value courtesy very highly.

"Another trouble with salesmen from the United States is that they get homesick. Our young people want social life, and the best thing for your salesmen to do is to get a card to a club, and so be entitled to meet the better class of residents. These will always be found gracious and friendly to a stranger approaching them in the right way. One thing more — if married, have your salesmen take their wives with them."

Santiago, named by Valdivia for the patron saint of Spain, is about sixty miles from Valparaiso. I believe it has the finest site in South America, excepting perhaps

that of Rio de Janeiro. When Valdivia came down to this region to complete the conquest of this southern part of the Empire of the Incas, he chose a great rock rising out of the plain on the banks of a mountain torrent, and here he built a fort. Later he was for a long time besieged here by the Indians. After he had left the region, the fort still remained and became the center of the city which gradually grew up beneath it. It is now the pleasure ground of Santiago, laid out as a park with many trees, shrubs, and flowers, and is called El Cerro Santa Lucia.

There are in Santiago many beautiful public buildings, and the Municipal Theater is said to surpass anything of the kind in the United States, with its elegantly furnished boxes, large foyer and refreshment room, and seats for an audience of four thousand. On the top of Cerro Cristobal, nine hundred feet high, is an observatory, which is a branch of the famous Lick Observatory of California. The churches, schools, colleges, and museums are also of interest. The climate is temperate; the summers not very hot, though extremely dusty, and the winters very mild, though rather uncomfortable to one used to artificial heat. Until very lately, sanitary measures have been neglected, so that epidemics were frequent, but as in so many of these West Coast cities, the officials are now waking up to a realization of the need of sanitation, and a beginning has been made in the installation of an adequate system of sewerage in both Santiago and Valparaiso. I understand also that the water supply of Santiago is good, and of Valparaiso fair.

In Santiago, the drinking water is brought to the city from the hills, a distance of eight miles, and for other

purposes the supply is obtained from the two rivers which cross it. There are eleven daily papers; the city has telephone and telegraph connections, electric cars, and electric lights. There are flour mills, foundries and machine shops, tanneries, and some factories, including one for making bicycles. Since the completion of the Trans-Andean Railway, Santiago has direct communication with the eastern part of the continent. In this connection, it is interesting to note that the Pullman cars on the railroads come from the United States.

I find that citizens of the United States are not very popular in Santiago. This is partly due to the fact that a few of our friends who have gone to Chile are bank absconders or other fugitives from justice; partly because of our "Monroe Doctrine"; and partly because the banks, newspapers, and steamship lines, from which three sources Chileans get their foreign news, are controlled by our competitors, the English and Germans. There is no doubt that our present administration at Washington has done much to heal the wounds. But our foreign policy has at times nearly started a demonstration against our few residents in Santiago — much to the secret delight of the English, French, and German colonies in the city.

In connection with this matter of the press, let me quote the following remarks of one of my South American friends, which explain the situation fully:

"You citizens of North America show great stupidity in permitting the Europeans to control the press of South America. Practically all our leading journals are directly or indirectly controlled by English or European capital. Even those of us natives who are trying to treat

the United States fairly are handicapped by the news service. Apparently, your United States press has some arrangement with the European news agencies that they — the Associated Press — shall keep out of South America. This means that much of the United States news which we get is doctored in Europe to appear unfavorable; while the European news is doctored to appear favorable. It certainly is very stupid of you people not to insist that we have more direct news service from your country. Why, even the guide-books on the United States which we read have been written and published — not by you people, but by your enemies and competitors."

There are certain striking contradictions and compensations in the financial and physical conditions of Chile which it is well to consider when speaking of her resources. The most remarkable of these contradictions is that from the barren, rainless, and apparently worthless provinces of the north is obtained an export valued at nearly forty-three and a half million dollars annually — a sum which represents two thirds of the total exports of the republic. This nitrate product from the most unfertile region of the world is, in itself, the direct cause of increased fertility in every land to which it is exported. In addition to this, the high wages offered to those engaged in this industry have drawn from the agricultural districts so large a proportion of laborers that agriculture has been seriously crippled. Hence, less than one fourth of the arable land is now occupied. As a consequence, imports of food into Chile each year are valued at nearly six million dollars, or about eleven per cent. of the total imports into the country.

Should the nitrate deposits become exhausted, the labor would naturally be diverted into agriculture, and the resultant growth of foodstuffs might compensate, in a measure at least, for the loss. Here, then, would seem to be an opportunity for some one with capital and a knowledge of intensive farming to go into that business and help supply Chile with some of the food she now has to import. In my talks with government officials, I have strongly advised the development of agriculture. Such work should be done at once, so that the republic would be in a position to use her other resources if deprived of what is her main source of income at present. The known fertility of a large section of Chilean territory, the many other minerals which are already worked and which are probably to be discovered (only recently valuable deposits of tin have been found, and near Punta Arenas are known to be oil fields), the wealth of the great forests of the south, and the steady growth of manufacturing interests, constantly widening in their scope, promise more and more wealth for Chile. Why, therefore, should not foreign capital, including that of the United States, come in for a share?

One product not often thought of in connection with South American resources is fur. The valuable chinchilla is found in the mountainous and barren regions of both Peru and Chile, the export of these alone bringing to the latter country a few years ago in one year three hundred and forty thousand dollars. In the extreme south are other fur-bearing animals, including seals, whose fur is different from that of the northern variety, but still valuable.

Cattle raising is carried on to a considerable extent,

and sheep are a valuable asset, especially in the region of Puntas Arenas on the Strait of Magellan. Of this section, it is said, "It pays to keep grazing stations here, since sheep, forced either to grow thick fleece or die of cold, tend to the former alternative." To-day, Chile is importing goat and sheep skins, though having the greatest area of unused pasture land in the Americas. There are valuable oyster beds at the harbor of Ancud. Apiculture is carried on to some extent. The Italian bee is perfectly adaptable to the requirements of the country, and there are one hundred and fifty thousand beehives in Chile. Conditions under which this branch of industry may be worked are excellent, but as yet few persons devote themselves to it. As there is a widespread demand for honey and wax abroad, the total production finds an easy outlet.

All kinds of fruit may be raised in Chile, and there are some vineyards which export wine. The forest land in Chile is estimated to cover an area of seventy-five thousand square miles, or nearly twenty-six per cent. of the total area of the country. There is an abundance of wood suitable for building purposes and the making of furniture, and also species adapted for medicinal uses. Mention may be made of quillai (Quillaja saponaria), the bark of which, under the name of "Panama Wood," replaces soap in the washing of silk, fine linen, etc. Elm and other trees furnish a bark rich in tannin, which is much in demand in the tanneries. The achilean palm supplies a delicious syrup. According to authorities on Chilean timber, there are over one hundred different species in Chile. The Chilean laurel, examined in Norway, was found to yield a higher quality of cellulose or woody fiber than what is obtained in

that country. Only capital is needed to cut and prepare this timber.

Chilean railways belong partly to the State and partly to private concerns. There are about seven thousand miles of railways in Chile open to traffic, and thirty-five hundred miles in course of construction. The State owns over half. During an average year the State railways carry about twelve million five hundred thousand passengers and five million tons of cargo, which render a gross income of about twenty-eight million dollars. The private railways carry annually about one million eight hundred thousand passengers, and five million tons of cargo, rendering gross receipts amounting to about thirteen million dollars.

The Chilean Government is projecting the electrification of the State railways, and to this end a bill has been presented to Congress for the electrification of the first section of the railway which unites Santiago, the capital, with Valparaiso. Motive power supplied by the river Aconcagua would be utilized for the purpose. Should the result of the electrification of the first section prove satisfactory, the remainder of the central or main line will be proceeded with.

Whether or not any new road would pay for many years, I do not know; but apparently the government railways of Chile are now frightfully operated. It is said that more men are employed per mile on Chilean railways than anywhere else in the world. Every politician strives to have all his constituents employed on the railways! They are now being run at a large annual loss, although a Belgian syndicate has offered to pay all expenses and a rental to boot for the privilege of operating these lines. May this be an example to the

United States, which enjoys the best operated railways in the world.

Farther south in Chile, there is a decided change in the scenery. As the rainfall steadily increases (from fifteen inches annually in Santiago to over a hundred inches four hundred miles farther south), the streams are fuller, there is more verdure, higher trees, and richer grass. The mountains are lower, but the snow line also falls. The air is soft and pure, and, as one writer puts it, "As compared with the desert regions of northern Chile, the difference is as great as that between the verdure of Ireland and the sterility of the Sahara."

One passes several ports in going from Valparaiso to Lota. This place owes its importance to the coal and copper mines in the vicinity, which give employment to more than half the population of the district. The workings of these mines extend far under the deep sea. The same company operates also two copper smelters, a brickyard, tile factory, and glass bottle factory. On an eminence behind the town there is a wonderful botanical garden, which contains a large variety of trees, shrubs, and plants, both of temperate and tropical regions. In contrast with the garden on the height are the mines, where are streets, shops, restaurants, blacksmiths' shops, stables, etc., nearly a quarter of a mile below the surface.

The vegetation and general appearance of this south Chilean coast are strangely unlike those of the Atlantic coast of either North America or Europe, and are more like that of California. The shore is rocky in some places, and on others there are sandy beaches backed by thickets or grassy flats. Farther inland there are rich pasture lands, easily made fertile, and wonder-

ful forests containing many kinds of trees valuable for manufacturing. Few people live in this vast region, so well adapted for supporting human life. The Indians live in grass huts or frame houses, and till the soil or raise cattle, though a few go north to seek work, and are considered excellent laborers.

It is said that comparatively few immigrants enter this part of Chile, and there seems to be much land not yet occupied. It would appeal, I should think, to a young man who loves country life, who is not in a hurry to be rich, and who can make himself at home in a land whose language is not his own. Climate, soil, and scenery are all exceptional, and one famous traveler goes so far as to say, "Of all the parts of South America that we visited, southern Chile stands out to me as the land where one would choose to make a home." It is not so inaccessible, either, as one would at first think. The railroad comes to Osorno, only forty hours from Santiago, passing through Temuco and Valdivia, with a spur to Conception and Lota, farther up the coast. Osorno is about a hundred miles from the series of channels beginning at Chiloe Island, and extending to the Strait of Magellan, seven hundred miles south. The Taytao Peninsula extends out and breaks the continuity of this channel passage, but from Chiloe to this point there are over a thousand islands, said to be really a submerged portion of the Andes. Some of these rise to a height of two thousand feet, and are thickly wooded, as is also the opposite shore of the continent, to a height of fourteen or fifteen hundred feet, above which appears only the rough rock formation. The woods become less dense as the Strait of Magellan is approached.

There is not much of interest south of Lota, until Punta Arenas, on the Strait of Magellan, is reached.

There is no reason why our manufacturers should not do more business in Chile. I do not mean that Chileans should buy more goods, but that they should buy of us goods which they are now buying from Europe. United States manufacturers should sell goods which have for years been sold in Chile by England, France, and Germany. Moreover, the manufacturers of the United States can do this when they will cease to be so pig-headed and independent. All that is needed to sell goods in Chile is a willingness to select styles, colors, and qualities that the Chileans prefer. If the Chileans desire a cheap and flashy class of goods, why not give it to them? If goods must be transported on mule back, why not pack them so that they can be carried safely? If it is the Chilean custom to do business in certain ways, why not meet such ways, if it can be done without loss? Why be so conceited and unaccommodating? We citizens of the United States are a narrow-minded people, and we must get away from this provincialism before we can get a world market for our goods.

When it comes to investing money in the West Coast countries of South America, I advise caution. Many investments are absolutely safe and yield well. Others, for legal and various other reasons, are unsafe. In Chile, the danger is from taxation. The United States knows nothing about export taxes. We do not have them; Chile, however, lives upon export taxes. An American company develops a mine in Chile. After it gets in good condition and becomes a money-maker, the Chilean Government may put an export tax on all

ore which it ships out of the country. The government has a theory that here is a way to raise a tax which not only must be paid by foreigners, but which will even lower the price of such ore in Chile to Chileans. Now these export and other taxes which may at any time be levied are reasons why American capital does not go more to Chile, and why it is justified in not going.

In short, Chile is a fine country, with good climate, resources, and people. Chile is sure to become a good market for United States goods, but before investing capital in Chile, make sure that you are exempt from increased taxes for a certain number of years, or else have your contracts such that the Chileans themselves must pay any increased taxes which might be levied.

What a welcome I received at Antofagasta! From the people? No. My welcome was from the ducks. What the correct ornithological name for them is I do not know. Some called them pelicans; others said they were gulls; but my little girl called them ducks, and this name was good enough for most of our fellow passengers. There were thousands — yes, probably nine hundred thousand — of these birds. I never saw such a sight in my life. Most of them rested on the water while the others were flying a few feet above. Our boats did not seem to disturb them. They would rise from the water only as a school of hungry sea lions came along. Then they would hover about six feet above the sea lions' heads, saucily flying along, as if to say: "Oh, you will catch me, will you? Well, you can't fly, old fellow, and I can."

Then one of them would drop down as if to peck at a sea lion's nose. The latter would try to jump up and catch the bird, but owing to his great weight, he could

get his head only a couple of feet above the water, so he would drop back again. Yet there are so many birds that once in two or three days a lion catches one, and is rewarded for his patient waiting. I never saw so many and such large sea lions before. It was actually necessary once to stop our large launch and wait for a crowd of the birds and lions to get out of the way. I suppose that these ducks, or gulls, are the birds to which the country owes its vast guano deposits, the forerunner of the great nitrate industry upon which Chile is so dependent.

Upon reaching shore, I went up the wharf and along a narrow street where men were carrying great baskets of squashes, melons, and other farm products. I was on my way to an English bank. Good United States money was no good in Antofagasta, Chile. Hence I needed to get some "good" Chilean money. Imagine my surprise when for ten dollars in United States gold I received sixty-four dollars in Chilean paper money! I thereupon said to the banker:

"From what I have seen of Chile during my first half hour here, I should say you were long on ducks and dollars. Certainly I have never seen either so plentiful anywhere else in the world."

To this the banker replied:

"No; what you say is n't true even in jest; but if you can imagine the ducks as representing the nitrates, and the dollars as representing our credit, it is true that neither are in much demand to-day. The market for both our nitrates and our money has so greatly lessened that the nitrate industry is working only about twenty per cent., and the dollar is worth only about fifteen and a half cents. Furthermore, you can say

that the future of Chile depends upon finding a market for her 'ducks' (nitrates) and her depreciated dollars. In other words, Chile needs customers and credit — customers for her nitrates and credit in order to secure capital."

With these words, I was introduced to Chile. From Antofagasta I went to Valparaiso. Here again I was greeted by the same birds. Although the first vessel to enter the port of Valparaiso after it was opened to the world in 1811 was the frigate *Galloway* from New York, yet the ship on which I was a passenger in 1915 was the only one of the hundred or more in the harbor which carried the United States flag.

Chile does need customers and credit — customers for her nitrates and credit in order to develop her other industries. For both, Chile has heretofore depended upon Europe. England and Germany have thus far taken a large part of the nitrates and furnished eighty per cent. of the capital. Of course the Chileans should save more themselves, but they don't and won't. They are not lazy and good-for-nothing, like the natives in certain other parts of South America; but they like the good things of life, they think much of show, and would rather give a mortgage than save up capital. There is much formality in Santiago, and this was strongly brought home to me when I called upon the President of Chile, Señor Don Ramon Barros-Luco, a fine, dignified gentleman, nearly eighty years old.

Señor Don Ramon Barros-Luco was born of one of the seventy leading families of Chile. (Although Chile is called a "republic," it is ruled by an aristocracy of the strictest caste.) Sons of these families take the names of both parents. Señor Don Ramon Barros-

Luco graduated from the National University of Chile as a lawyer in 1858, was elected member of Congress from Valparaiso in 1861, and by 1872 became Prime Minister and Minister of the Treasury. He was later again elected to Congress and became Speaker of the House, after which he was promoted to the Senate, and later appointed Minister to France. He has been elected to important outside offices, such as President of the Agricultural Society and President of the Society for Developing Home Industries. Hence, not only has he had long political experience, but he is also well posted regarding the economic and financial condition of Chile, concerning which I was anxious to learn authoritatively.

After much formality, I finally reached the beautiful state reception room where the President was waiting. After proper introductions, I said:

"Mr. President, as you know, South America is the fad among United States business men to-day. They are especially interested to learn of Peru, Chile, Argentina, and Brazil. I want you to tell me about your country."

To this he replied:

"The Republic of Chile, with a population of four million, forms a long and narrow strip of land along the western coast of South America, and has an area equal to the combined areas of Germany, Belgium, Denmark, Holland, and Switzerland. As regards its physical aspect, Chile can be divided into four perfectly outlined zones, viz.:

"First zone, Desert. This zone, extending from 18° to 27° south, comprises the Atacama Desert, and contains the inexhaustible nitrate deposits. As there is scarcely any rainfall and very few streams, the vegeta-

tion is limited to certain small valleys, where are found alligator pears, figs, and pomegranates, and where barely sufficient hay is raised to meet local needs.

"Second zone, Mineral. This zone extends from 27° to 33°, and has abundant mineral wealth, including gold, silver, copper, cobalt, nickel, lead, iron, and magnesium. In this region the Andes reach their highest point. Some vegetation is encountered, and the vineyards produce fine wine and raisins.

"Third zone, Agricultural. This central zone lies between 33° and 42°, and includes, between the two mountain ranges, an exceedingly fertile valley, with streams useful for navigation and for hydraulic power. In this valley is the origin of the largest and most solid fortunes amassed in the farming industry. All kinds of fruits, extensive forests, many minerals, and rich coal mines are also here.

"Fourth zone, Insular or Island. Between 42° and 46°, the Coast Range is transformed into a vast archipelago, extending all along the coast to Cape Horn. On the mainland are great forests, and splendid pasture land, with abundant rains. The raising of cattle has here prospered to such an extent that it is now in a flourishing condition.

"On account of its many latitudes, Chile has a climate varied and unique, but of invariable mildness. It is hot and dry in the north; temperate and somewhat rainy in winter in the central zone; and cold, with plenty of rain, in the south or insular zone. In the mountain region, the climate is dry and varies in accordance with the height."

I next asked the President regarding the assets of Chile, and what Chile has to offer to foreign capital.

In reply he asked me to note the following facts from a report by the Commercial Section of the Chilean Government:

Chile is the only country which produces nitrate in the natural state. The value of this nitrate amounts to over one hundred million dollars in United States gold per year, of which the government receives about twenty-five per cent. in export taxes. In normal times, the industry employs about fifty thousand men. Rumors have at times gone forth that these nitrate deposits will soon be exhausted, which assertion is absolutely without the slightest foundation. Thorough investigations and explorations have proved that the deposits of nitrate existing amount to 5,408,204,000 metrical quintals of one hundred kilos each, or a sufficient quantity of exploitable nitrate to last for a period of two hundred years at the least. Further, it has been mathematically calculated that there is still an extension of nitrate deposits to be examined which is thirty-four times larger than the area already examined. The future of Chilean nitrate is assured, in spite of the competition from the artificial product, because the present method of manufacture, being very primitive, is susceptible of great improvement.

I was not surprised to have the President place nitrates as the most important of all. Statistics show that the entire prosperity of Chile depends, at the moment, on the nitrate deposits. They furnish employment to labor, trade for the merchants, and cargoes for the ships. They pay the running expenses of the government. When the nitrate industry is booming, Chile is prosperous; when this is stagnant, Chile is at a standstill.

As I have already indicated, these nitrate mines once belonged to Peru, and Chile took them after the war of 1884. Chile thought she was getting a great prize, but leading men of Chile admit that these mines have been a curse. Before they were taken from Peru, the young men of Chile were an industrious and economical body of people; but conditions are now entirely changed. The people have had a taste of "easy money." Every one now wants to be a lawyer, doctor, or politician. The soil and manufacturing are being neglected. If Chile is not careful, she will be like so many men in the United States, who once had a good business, but after making some easy money in the stock market, neglected their business, and finally lost everything.

The President then took up the subject of other mines. Said he:

"Mining is beyond doubt the most important branch of the industrial activities of the country. Even the subsoil contains every kind of mineral known up to the present day. These rich deposits have hardly been scratched, and are an inexhaustible source of future wealth for the nations. The mineral and metallurgical production represents a value of one hundred and twenty-five million dollars a year, which is vastly superior to the amount derived from the agricultural and manufacturing industries. The future of the copper industry is of great importance to my country. In addition to the mines of the Braden Copper Company, the Chilean Exploration Company of New York is now opening up the largest low-grade copper mine in the world. Here, it is claimed, copper will be produced for six cents a pound. Chile may some day be the greatest copper-producing country in the world.

"With regard to gold and silver mining, these industries cannot now be said to be in a flourishing condition. This is due not to any scarcity of ore (there are extensive deposits), but to the fact that the huge extensions which at one time made the business a very lucrative one have yielded up all the ore contained in the richest layers, and more capital is needed to work the mines at greater depth. Further capital and modern machinery might make the working of these mines very remunerative.

"The iron industry is yet in its infancy and will secure a prominent place in the world's production, as the enormous deposits which up to now have been kept practically intact will give field to exploitation on a huge scale. Just at present, the only important mining establishment is 'El Tofo' in Coquimbo. This is an enormous mineral deposit producing sixty-eight per cent. iron ore. The owners have signed a contract with a North American concern, which has undertaken to work the mines and supply the smelting works with the quantity of ore required, the rest of the ore being exported. There are numerous similar deposits in the north of Chile.

"Coal is another mineral product with a brilliant future. The quantity mined has gradually increased during the past ten years, amounting last year to one million five hundred thousand tons. As the demand for coal is great, this increase is significant, especially if we consider that the production of the country is insufficient to meet the country's demands, and foreign coal has to be imported to make up the deficiency. We must remember, however, that the pits at present being worked bear a very small relation to the extent and im-

portance of the coal fields, there being large deposits waiting development and much ground to be explored. The carboniferous region is found within the borders of the Conception and Arauco provinces. Last year eighteen pits were in operation, employing 8,705 workmen.

"The borax industry of Chile is also of great importance, and we supply fifty per cent. of the world's consumption. This is in spite of the fact that only the deposits at Ascatan are being worked, those at Chilcaya being kept in reserve. Common salt is yet another of the abundant products of Chile. At present the production is limited to supplying the demands of the local market, which in 1913 amounted to only 17,045 tons. Yet the Salar Grande de Huanillos or Punts de Lobos salt deposit alone would be quite sufficient to supply the world's demand for many years to come. Its surface is seventy-five thousand acres, with a sounded depth of ninety-nine per cent. pure salt. On the basis of an annual consumption of twenty-five thousand tons, this bed itself would be ample to suffice for the needs of the country indefinitely.

"There are also sulphur and other deposits of great value. Tell your friends in the United States that our mining laws are very liberal, and that our Commercial Section will gladly give full particulars to any citizen of the United States. We also urge all to write us or come and see the properties for themselves before investing or taking the word of others."

When I compared the verdure of central and southern Chile with the remainder of the West Coast, it seemed to me that this country has great agricultural possibilities. I therefore called the President's attention to a report that Chile has seventy million acres suitable for

farming, all of which has sufficient rainfall or is capable of irrigation. Of this only about one million eight hundred thousand acres are said to be in actual cultivation, on account of the lack of labor. I had also heard that twenty million acres in the central zone are especially fitted for fruit growing, and that Chilean peaches, figs, almonds, and olives are unexcelled; and that the more hardy fruits, such as apples, pears, plums, and the like can be grown as well. Concerning these agricultural possibilities, the President replied:

"I do not doubt that agriculture will be developed more and more in Chile; but I do not think it has any such possibilities as Argentina can offer. Labor is too scarce in Chile to make agriculture really profitable or attractive to immigration from your own or any similar country. Certainly the most that our farmers can hope to do is to supply the Chilean market, and to make it unnecessary for us to import foodstuffs. The same conclusion applies to our timber. We have extensive forests; but they are all needed for home consumption, and not a foot of lumber should be exported.

"Instead of advising capital from your United States to invest in lands for agriculture, I advise them to consider manufacturing possibilities in Chile. Next to mining, Chile must look to manufacturing for future growth. I believe that Chile is to become the great manufacturing center of South America. Here we have iron, coal, timber, water power, chemicals, wool, and all the raw materials. I believe that your people, instead of trying to sell us goods, should come down here and build mills. Give Chile a market for her nitrates, copper, and iron, together with capital to build mills, factories, and ships. In such a case, Chile

will become a great industrial country, an exporter instead of an importer."

In closing, I asked the President if he had any suggestions for the manufacturers of the United States as to how closer relations could be established between us and Chile. Although we buy eighteen per cent. of Chile's exports, we supply only fourteen per cent. of its imports.

He replied at once:

"Your merchants of North America must start banks here in Chile before you can hope to accomplish much in securing Chilean trade. People in South America judge a foreign country's importance by its steamship lines and banks, especially the latter. Yes, I cannot place too much stress upon both the need of good North American banks in Chile and the profit which should accrue to your people who shall start such banks. Money often loans in Chile on the best security at from ten to twelve per cent. The government tax on banks is very slight. Our Constitution demands that foreign and domestic banks must be treated alike. Moreover, a bank established now should continue to be a source of great profit even after Chile becomes an exporter of merchandise instead of an importer. As a bank does all its business in paper currency, it is not affected by the variations in exchange and the other factors which may bother an importer. I strongly advise the manufacturers of the United States to get together and form a Bank of North America for Chile."

In this connection, I have been told that the German and English banks copy full particulars from the drafts, bills of lading, etc., which manufacturers in our country are compelled to use when sending goods to

South America. For instance, assume that a big department store in Santiago buys a bill of goods from a New England mill, and the New England people draw upon the Chilean store for payment. Assume that the New England people deposit their draft in the Tenth National Bank of Boston, which may sell it or send it to the English Bank of Santiago for collection. It can readily be seen that it would be a very simple matter for the English bank to note the character of the goods sold, to whom these goods are going, and the price at which they are sold. British loyalty might readily demand that this information be furnished to English importers who would next time outbid the United States merchants.

Whether the English and German banks do this systematically, I do not know; but this is a *sub rosa* reason, given in South America, why our United States merchants do not get more repeat orders. Certainly it looks suspicious to see catalogues of printing machinery begin to come to a Chilean publisher from English and German concerns shortly after he buys a printing press from a New York firm.

To-day, when you go to your big bank in New York, Philadelphia, Chicago, or some other city, to get a report on the credit of some South American concern, what does your bank do? It directly or indirectly depends upon its South American correspondent for such a report. This usually means that ultimately an English or German bank is resorted to for such a report. Is it not human nature that such a report would discourage you from giving the desired credit if the concern is good, and encourage you to do it if the concern is no good? German and English mistaken loyalty to their country-

men may or may not be responsible for such results, but it nevertheless continually happens. It is an old saying that what costs nothing is worth only what it costs; and this applies to certain reports and other service which banks in the United States are to-day securing for you and other customers relative to Latin-American credits.

But from what I have said do not get any exaggerated idea of the Chileans. Although they are in advance of the Venezuelans, Colombians, Ecuadorians, Bolivians, and even the Peruvians, they still have many of the Latin-American weaknesses. The average Chilean seems interested only in to-day. He — and especially his wife and children — seem to be very partial to show and artificial makeshifts. The Chileans are not exactly lazy, but they are far from active. They still say "mañana."

Yet we must not be too critical of these people. Had we been under the Spanish yoke for over four centuries and had our savings stolen from us as fast as we accumulated anything, would we have formed the habit of saving? I honor the Chileans for what they have gone through and overcome.

One is surprised to see so little colored blood in Chile. Instead of a large per cent. of the people being dark, as is the case in the other West and North Coast countries, ninety per cent. are as white as the people of Chicago. This is probably due to the very strict immigration laws of Chile which forbid the negroes, Chinamen, and certain other races from entering the country.

The Chileans are a very proud race. Perhaps the following incident may illustrate this fact. An Englishman whom I met had been looking about for a house

during the business depression in 1915. The day before I was at Santiago he visited five large dwellings which were for rent or for sale. The tenants of all these were supposed to be at Vina del Mar, or some other fashionable resort for the summer. Newspapers were hung up at the windows, and to all appearances the houses were shut up. Imagine my friend's surprise when in three of these houses he found the tenants living in the back part! They had not the money to go away for the summer; they were too proud to be seen on the streets of the city, and so they were hiding until their neighbors returned from the seashore. This same trait is to be seen in the dresses, manners, and customs of all Chileans. "Send your gayest colors and latest styles to Chile, whatever the quality of the goods may be," said a Chilean merchant to me.

Although Chileans have great respect for unwritten law, I am told that they have less regard for the laws of the land. A policeman reprimanded a small boy for doing something against the law. Was the boy frightened? No! He simply turned to the policeman and said: "You wait till I catch you going home some night. I'll fix you for bothering me. Of course I can't help myself now, because you'll call another cop if I touch you. But you wait till I catch you without your uniform on!"

The law is very severe on motormen, if any one is hurt on a tram car. Hence, when a slight accident occurs, the motorman leaves his car and runs home to hide until the excitement is over. Said I: "What does he gain by running home? He can easily be found there."

"Yes," said my friend in reply, "but it is too much

trouble to hunt him up. If the police can catch him on the car, they will do so; but they would not bother to run after him."

"Too much trouble" tells the story. Although the Chileans are far ahead of most of the South American people, yet even they are handicapped by the phrase "too much trouble." They don't seem to do things.

It takes a lot to wake up the Latin-Americans. They are good at sleeping or fighting; but they seem to find it difficult to strike a happy medium. Hence — in accordance with the law of action and reaction — they alternate from lethargy to revolution and from revolution to lethargy.

This spirit is very evident in the moving-picture shows and literature of the land. Since they seem to crave either sleep or excitement, either the dreamy guitar or the tragic dime novel, the ordinary humorous picture at the "movies" does not appeal to them. It must be a picture of a lion tearing a man to pieces, or a bridegroom falling dead at the wedding feast, or something equally harrowing. Exaggerated detective stories are in great demand, with men passing through stone walls, walking on the water, and doing other impossible stunts.

I was greatly shocked to see a largely advertised trade-mark for some kind of oil, consisting of a picture of Jesus being taken from the cross. It was an awful picture — to me both sacrilegious and repulsive — but I was told that it took well with the masses of Chile.

Nevertheless, the Chileans are a fine, courtly people. I am always interested to note that when two employees of the same firm happen to meet on the street, they in-

variably stop and shake hands, even though they may have met once or twice before that same morning. Every one seems to have plenty of time. Even the working men in Chile will stop and shake hands with one another in the most formal way. This is something one never sees in the United States. The Chilean day-laborer even takes off his hat to his co-workers — a very pretty custom.

The Chileans are congenial, kind-hearted, and intelligent. I became very fond of them, as well as of their country, with its wonderful and varied climate. But readers must not forget the "ducks and dollars" to which I referred. Before Chile can become either a buyer or a seller of general merchandise, she must secure greater markets for her nitrates and greater credit for her people. Until that time comes, the traveling salesman from the United States will have hard picking. He will feel like a salesman from Chicago, who when calling on a Valparaiso merchant received the following reply:

"I am very sorry, Mr. Jones, that I cannot buy of your Chicago firm. I should like very much to do so, but it is impossible, for the following three reasons: first, because I have n't any money; second — "

"Never mind the other reasons," broke in the Chicago salesman, "the first reason will do."

After receiving virtually the same reply from nearly all the merchants in Valparaiso and Santiago, he took the next train for Buenos Aires.

The future of Chile depends upon how successful it will be in attracting capital. At the present time, capital is greatly influenced by the condition of the nitrate industry. However, I believe that the Chileans are

bright enough to develop other industries, and will not continue to be dependent upon nitrates alone.

In such a case, Chile's future will depend upon its government's attitude toward outside capital. If the present landowners are selfish and consider merely their own ease and comfort, then legislation will continue along the present conservative lines in the interests of the few rich families of Chile. If, however, progressive legislation is enacted for the real benefit of the working, as well as the landed, classes, then all new development work will be encouraged and protected.

CHAPTER XIII

The Strait of Magellan

From Valparaiso the shortest route to the next great country of South America, the Argentine Republic, is by rail, but the trip through the Strait of Magellan is not only interesting on account of the scenic features, but also for the commercial opportunities offered in this little-known land. From Valparaiso southward along the Chilean coast it is fourteen hundred miles to the Strait of Magellan. Sailing vessels cannot go through the strait, because the high mountains on each side cut off the wind, and they therefore have to "round the Horn." Steamers avoid this rough and stormy passage by going through the narrow channel which separates the island of Tierra del Fuego and the Horn, which is also an island, from the mainland of Patagonia. For the two days before reaching the strait, the steamer passes along the western coast of Chile and by numerous islands, which are uninhabited, excepting by a few wretched Indians, who support themselves by fishing. Between these islands is a perfect labyrinth of sounds and bays, a great hiding place for pirates during the past four hundred years. The land about is covered with woods almost as dense as a jungle.

The Strait of Magellan is unlike any other strait in appearance, as the two ends are entirely different in their physical characteristics. Both sides of the shore

at the western end are alike in being rugged and mountainous. At the eastern end, both shores are broad and fertile plains. The western end is the southern terminus of the great Andes range of mountains, and for the first fifty miles the steamer passes between the peaks of these mountains, just projecting out of the water. In fact, the western end of the strait is simply a submerged mountain pass. There is hardly a sign of life from the beginning of the strait until Cape Froward is reached two hundred miles east. The hills are wooded, and here and there are great blue glaciers. There are only two or three settlements, each of about a dozen huts. The inhabitants of the interior of this country are the most uncivilized savages known to man. They wear no clothes except in cold weather, when they cover themselves with one rough skin; they have no huts or villages, but simply roam about like wild animals. They have not even the intelligence of animals, for the bears and other beasts have forsaken this southern land of rain and fog.

East of Cape Froward the air is drier, the shores less rugged and mountainous, and the forests are thicker. Finally, the hills gradually decline to great, open stretches of land almost like our prairies of the West. Some seventy-five miles northeast of Cape Froward, the steamer reaches Punta Arenas, the most southerly city in the world.

Punta Arenas is a smart little town of several thousand people. It consists of six or seven wide streets, partly built up, running parallel to the shore. These streets are crossed by others running uphill from the shore. The houses average very well in appearance, and there are some fine concrete buildings, three stories

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BIRD'S-EYE VIEW OF PUNTA ARENAS, CHILE, THE MOST SOUTHERN TOWN IN THE WORLD

high. There is, therefore, nothing especially attractive or quaint about the place, though it is well laid out and clean. The location was first used by the Chileans as a place of exile for convicts, but was later a whaling station. Recently it has profited by a vein of coal discovered in the vicinity. Owing to the opening of the railroad line across the Andes and also of the Panama Canal, house lots in Punta Arenas have recently declined in price. Besides serving as a fur market for the Indians of the vicinity, Punta Arenas is the port of the wool companies of Tierra del Fuego. Wool, I believe, will some day become a great product in this vicinity. The island is controlled by English sheep-raising corporations, and many English have come to Punta Arenas to live. Indeed, most of the population speak English, and the port has more the appearance of an English colony than a Chilean town.

As many of the guidebooks speak disparagingly of this town, I want to insist that it is a modern, up-to-date place with an active Chamber of Commerce, some fine stores, and two or three banks. The Bank of Punta Arenas has a good building and a capital of five million dollars. Money rates are only eight to nine per cent., as compared with ten and twelve at Santiago. Of course the climate is dreary in the winter, with short days and lots of snow. But whatever the climate, the town has a future as the wool industry develops. Although it is off the beaten track and must henceforth depend entirely on the country to the north, yet it should slowly grow. There is trade here, and a good idea of this may be gained from the following interview with one of the leading merchants. He said:

"When you get back to the States, please tell your

readers that although we live in the most southerly city in the world, we are not wild Indians. We not only want to buy goods, but we want good goods. Although the German goods are lowest in price, they are not good enough for us. Whether buying automobiles, typewriters, sewing machines, shoes, or hardware, our customers want the very best. Moreover, if the U. S. A. manufacturers will send their best quality of goods to South America and compete for quality instead of for price, they will win a great victory in the end. Likewise, although the Germans have been getting the trade, owing to their low prices, the label 'Made in Germany' is beginning to stand for a cheap quality of goods. The manufacturers and the labor unions of the United States have a great opportunity for building up a tremendous South American trade by simply insisting that 'U. S. A.' be stamped only on goods of quality. This especially applies to the trade here in Punta Arenas."

This statement reminds me of something a gentleman told me on his way back from Chile. As I have said, it appears that one of the largest copper mines in the world is located in Chile, east of Antofagasta. As such a mining plant is in the mountains, away from civilization, it is necessary for the company to operate a store at which the men can trade. Concerning these stores, it was said to me:

"When first entering the store, I was astonished at the fine stock of goods which was carried. I was on the point of questioning the manager about carrying such luxuries away up here in the mountains when two *barefooted* workmen came in. The first asked for a pair of shoes, and the storekeeper showed him some work-

men's shoes. 'I don't want shoes to work in,' said the miner. 'I work in my bare feet. I want the shoes to wear!' Then the storekeeper showed a very good shoe such as he himself wore; but the miner asked, 'Is this your best shoe?' The clerk replied: 'No, we have some expensive American shoes selling at ten dollars gold per pair.' These were just what the miner wanted. The sale was quickly made, and the miner went away happy.

"The other workman inquired for soap, and he was shown a well-known New York brand which retails in Chile for about twenty cents per cake. This did not suit at all, and he was then shown a cake of famous English soap, selling somewhat higher. The workman smelled of this and turning up his nose said: 'I want something that smells good like the violets that grow in valleys. Show me your best soap.' The storekeeper then went to the show case and took out some expensive Parisian soap selling at nearly one dollar and a half per cake. This was precisely what the miner wanted. He gave his entire day's wages for this cake of soap and happily went on his way."

The future of Punta Arenas, to my mind, depends upon its being the outlet for the wool industry more than upon the use of the Strait as a channel for commerce. If the wool industry of Patagonia prospers, and the ranchers continue to bring their wool to Punta Arenas for shipment, the city has a bright future. If, however, they break through to the eastern coast of Argentina and ship from there, then Punta Arenas will be handicapped.

CHAPTER XIV

Argentina

The story of Argentina's commercial and industrial development is a romance. Starting to realize on its great natural resources only about 1860, to-day the Argentine Republic is a billion-dollar country, the wonder of the world. When one appreciates that its period of great wealth has only begun, that most of its greatness is still in the future, one is almost overwhelmed by the possibilities presented.

Before considering this great country in detail, let me say first that it is foolishness for me or any one else to judge a country or even a city from information obtained in a visit of a few days. Before going to Argentina, I had the country's statistics of agricultural, industrial, and commercial growth. To these statistics I have now added many others, and from them all it is now possible for me fairly to judge Argentina and Buenos Aires. It is a mistake to judge only from impressions, even though the most prominent and best informed people are met. Thus I urge readers to study a country's statistics before judging it, rather than to depend upon what any one says, whether that person has been there ten days or ten years.

I once talked with a Buenos Aires representative of a concern well known in the United States. He laughed at me and my companions for attempting to pass

judgment on Argentina after such a short visit. Said he: "I have been down here several months and have traveled many thousand miles, and yet I know very little about Argentina. How can you expect to learn anything during such a short visit?"

One of my friends turned to him and said: "By the way, have you seen the *Boletin Official Resumen*, which gives each month the failure statistics, bank clearings, unemployment figures, etc., for Argentina?"

To this he answered: "No, I have been so busy on special work in Argentina that I have not yet had time to read dry statistics. After I get acquainted and thoroughly posted as to conditions, then I may have time to study the country's statistics."

Just think of this man's ignorance! And yet this represents the attitude of many of the North Americans, English, and Germans located in Buenos Aires. They think they know all there is to know about this country because they live there. I therefore urge all readers to give less attention to what people say about a country and more to its statistics.

Another thing — don't depend upon Americans, English, French, or Germans for your information about Argentina. The Americans there have worked hard to get a foothold, and now do not want competition. As a result, they talk discouragingly. The English are polite and sociable, but when it comes to doing business in Argentina, it is asserted that they will "knife" us in the back! Certainly we should not expect encouragement from representatives of the French, German, Spanish, Italian, or other races who are now well located there. These people are not our friends; they don't want us to "butt in" to the South American

field. They therefore talk pessimistically and discouragingly. Hence, in my investigations, I have depended only upon official statistics, or else upon information obtained from my Argentine friends.

In the old geographies, Argentina was called Patagonia, and was described as a barren desert sparsely inhabited by wild aborigines of great stature. The coast is still bleak and uninteresting, the rivers still flow to the sea, and the winds continue to blow, but otherwise there is a great change. Year by year more land has been cultivated, and now millions of blooded cattle roam the pastures. After leaving Punta Arenas, express steamers take three days and three nights to reach Buenos Aires, and when the traveler realizes that the mouth of the La Plata River is very nearly in the middle of Argentina, that there is more than twice as much area north as south of it, he begins to appreciate the size of this South American republic.

The mere figures — area, 1,129,400 square miles — do not give a definite idea of the extent of this country. If transferred to North America, Argentina would cover the Pacific coast territory from the Canadian line to the southern extremity of Mexico, including the States of Washington, Oregon, and California and all the States of Mexico. If placed in the eastern part, it would cover that section of the United States east of the Mississippi, and the first tier of States beyond it. It would make twenty-five Pennsylvanias. Its coast line is equal to a line drawn from Key West, Florida, to Halifax, Nova Scotia, and its wide range of climatic conditions is indicated by the fact that its territory stretches over as many degrees of latitude as there are

between the most southerly point of Florida and the center of Hudson Bay.

The climate, therefore, is temperate, with slight variations, but it must be remembered that the northern tip of the republic is within the tropics, and that the southern extremity, at latitude 50° south, is swept by cold Antarctic winds. Buenos Aires is in the same latitude as Cape Town, Africa. The region from the estuary of the Rio de la Plata to the outlying foothills of the Andes, a territory about six hundred miles square, is like our South, as the heat is great only during the middle of summer and the winter cold is moderate. The most northern and southern parts have a very rainy summer season. In the western and central portions there is little rain. This especially applies to the western section, so that much of this region is too dry to be cultivated except by irrigation. The streams descending from the Andean snows provide water. Though many of them are lost in the arid ground before reaching the sea, yet they supply sufficient moisture below the surface, so that wells may be successfully dug.

The population of the Argentine has increased from 3,956,060 in the census year of 1895 to an estimated population of at least nine million. The Argentine, from the standpoint of climate and soil, is said to present the most nearly perfect area that the world contains for the production of wheat, corn, oats, and meat products. Evidence of this is seen in the rapid growth in the cultivated area of the country, which has increased from about thirteen million acres in 1896 to the present total of about sixty million acres, or over three hundred per cent. The progress made in

the last ten years gives an interesting insight into the possibilities of future growth. During this period, the cultivated area has doubled, and the value of the four principal Argentine crops (wheat, corn, oats, and flax), estimated at the average export prices, has increased fifty-nine per cent. The Argentine probably produces per capita a greater excess of foodstuffs over its own needs than any other country in the world.

Buenos Aires, the capital of Argentina, with its population of over a million and a half, is the largest Spanish city in the world, the largest city in South America, and the fourth largest in the Western Hemisphere. Of every five people in the republic, one lives in the capital city. This city, which has made such a wonderful growth as to attract the attention of the whole world, was founded in 1536 by Pedro Mendoza. It was soon captured by the Indians, but later recaptured by the Spaniards. It was taken by the English, but was held by them only a short time. In 1810 the Argentine achieved its independence; but an era of civil war followed, and it was not until the fall of the dictator Rosas, in 1852, that anything like real progress began.

The estuary or bay of the Rio de la Plata is about two hundred miles long from the point where it is formed by the junction of the great river Uruguay and the larger Parana, to its entrance into the Atlantic. Buenos Aires is one hundred and fifty miles up this estuary, which is twenty-eight miles wide opposite the city. Not much of the city can be seen from the wharves, for it lies only thirty feet above high-water mark, and for miles beyond it there is nothing but flat prairie, with not even a rock to break the monotony. Previous

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AVENIDA DE MAYO, THE MAIN STREET OF BUENOS AIRES

to 1895, seagoing vessels had to lie several miles off Buenos Aires, discharging their cargoes by lighters, and their passengers either by small boats or by curious, high-wheeled carts which carried them through shallow water to the shore. With great enterprise and courage, a long, deep channel, which is kept open by constant dredging, has been dug, so that large steamers can now come to the very edge of the city. In fact, the city has the finest system of artificial docks that I have ever seen.

Whether or not the cleanliness of the city is due to the fact that it lies in the temperate zone, I do not know. Certainly Buenos Aires (good air) is well named, for the air is clear and keen. There are no large factories to pollute it with soft coal smoke. The streets are narrow and crowded in the business parts, but broader in the newer portions, which are well laid out. The question of transportation is solved by as good a car service as is to be found in any North American city, having about four hundred and fifty miles of surface track, and under the principal avenue is a subway extending two miles. Eight miles more of underground road are planned, and some of it is already under construction. The number of passengers carried in one year approximates four hundred million. There are over fifty-three thousand registered vehicles, of which nearly four thousand are private motor cars, and two thousand motor carriages for hire. More than four hundred newspapers are published regularly in Buenos Aires, a hundred of them representing the foreign colonies. The water supply, electric and gas facilities, the police force and fire department, the various intellectual factors, like museums, art galleries, public schools, and

libraries, as well as such social factors as clubs, associations, and societies, are all present and developed according to the modern type. The hotels are equipped to receive the most exacting class of the traveling public, and other conveniences for the transient or permanent resident place the city on a par with the best capitals of Europe and North America.

Though Buenos Aires is often described as a cosmopolitan place, its population does not include so many nationalities as would be found in most large cities of our own country. There are English and German colonies, composed mostly of business and railway men, each keeping rather exclusively to itself as far as social relations are concerned. Of the so-called Latin element, probably about half is Argentine born.

The parks of Buenos Aires especially appealed to me. They are well laid out and exceedingly well kept. The park Palermo, with its rose garden and tea house, is most fascinating; while the "Zoo" and the Botanical Gardens are likewise very interesting. The city, although not so large as Paris, and hence not so spectacular, is newer and fresher. At first glance, I was more impressed by Buenos Aires than by any of the old or new-world cities that I have ever visited.

The commerce of the whole Argentine Republic centers in Buenos Aires, and it is a common sight to see scores and scores of merchant vessels flying the flags of all important countries, except the United States, loading and unloading along its waterfront. Right here it may be well to remark that before our Civil War there were in this harbor six hundred vessels carrying our flag, or more than double the number from all other nations combined. In those days, the influence

of our people over the commerce of South America was predominant. A Pennsylvanian, William Wheelwright, was looked upon as its father. Would that he might be resurrected! A writer comments on the fact that in 1910, out of the many thousands of ships that transferred cargoes here, only four bore the Stars and Stripes.

The docks, designed by a celebrated American engineer, are most impressive, consisting of rows of massive masonry and cement wharves, behind which spreads a network of railway lines. The docks are arranged, not in a series of slips, as along the water front in New York City, but like basins, so that vessels can moor in them on all four sides. The cargoes are unloaded by enormous cranes, and cars are operated directly alongside. Yet, extensive as is this docking system, it is already inadequate, for there usually are a number of ships lying at anchor outside in the river, waiting their turn for a berth. Immense warehouses and giant grain elevators add to the impressiveness of the scene. Even these facilities are not sufficient, and there is talk of enlarging the capacity of La Plata and Bahia Blanca to relieve the congestion. In fact, Argentina now has three additional growing ports, Rosario, Bahia Blanca, and La Plata. All these are fine cities. One who thinks Buenos Aires is the only city of Argentina is very much mistaken.

Skyscrapers are not common in these cities of the south, though a few tend in that direction, and several boast of fifteen stories. Many public buildings are five stories, or even more, as there is not the danger from earthquakes here that there is in the West Coast countries. Many of the dwellings are low, and in the out-

skirts, which may be called the slums, the homes are little better than shanties — a great contrast to the rest of the well-built, well-lighted, and very clean city.

Buenos Aires has impressed me as quite the gayest city in the world. Also it is an expensive city in which to live. As a matter of fact, South America is no place for poor people, and Buenos Aires least of all. Rooms in the best hotels are six dollars a day and upward, with meals correspondingly high. Even respectable boarding-houses charge four dollars a day for room and board. A little restaurant in one of the parks charged three pesos ($1.32) for afternoon tea!

I asked an American who had lived in Buenos Aires for years what impressed him most about the city, and he replied:

"I have been greatly surprised by the great paradoxical growth of ostentation and socialism in the city. The wealthy people are greatly given to artificial show and luxurious display, while the working people are the most openly socialistic of any city in the world."

Whether or not this impression is justified, I cannot say, but I am impressed with the idea that one seems to breed the other — ostentation and socialism. The people of Buenos Aires seem to be unable to secure their pleasure through natural absorption, as do the people of London, Vienna, and even Paris. Buenos Aires reminds me of New York and Berlin more than any other cities. The pleasures of these cities are of an artificial kind.

Horse racing seems to be the most popular recreation, and the Jockey Club is the most exclusive social organization in the city. Races occur twice a week from March through December, the greatest stakes being

raced for in September and October. The annual National Prize amounts to over twenty-five thousand dollars, and the sale of tickets for this race reaches three hundred and fifty thousand dollars. Betting is popular, and at one dollar a ticket, twenty million bets are made a year. All the races are a great society event.

The parks are favorite gathering places for the people of fashion. The great shaded avenues are thronged with carriages, in which the Argentine women may sit to display their gowns and jewels. I have never seen such a procession of fine carriages, horses, and automobiles. The people of Argentina are exceedingly fond of music, and their opera is one of the most distinguished anywhere. The Opera House, the most magnificent in either North or South America, cost ten million dollars.

Buenos Aires can boast of one of the greatest of the world's newspapers, *La Prensa*. It is housed in a magnificent five-story building, and there is no newspaper building anywhere which compares with it. The paper is printed in Spanish, and has a circulation of one hundred and twenty thousand, but its advertising rates are very high, and thus it is enabled to do things undreamed of by our papers. The building contains, in addition to the printing plant and offices, a lecture room, a large audience hall, a library, reading rooms, baths, cafés, music rooms, and apartments where visitors are entertained. There is a free dispensary for those who are too poor to pay for a physician, and the services of a lawyer are also furnished free.

Buenos Aires also has *La Nacion*, which is perhaps the most independent newspaper in South America, its proprietor, Señor Georg Mitti, taking personal charge

of its direction. Outside of these two papers, and one each in Santiago and Rio Janeiro, there are not many large newspapers in South America. There are, however, numerous smaller papers, and nearly all are exceedingly well arranged and carefully edited.

The capitol building in Buenos Aires is very much like our own at Washington in general appearance, and in front of it is an extensive plaza. This plaza was constructed in 1910 for the celebration of the centenary of the republic, and completed in the short space of ninety days. In that time, four solid blocks of buildings were torn down; ground was filled in, leveled, and grassed; walks were laid; trees, shrubs, and flowers were planted; fountains with colored waters, obelisks, candelabra, and statues erected at a cost of five million dollars; and everything was ready to receive the guests at the celebration.

Much is said about the people of South America being slow. Certainly "mañana" seems to be the password of all the countries excepting Argentina, Chile, and southern Brazil. It is, however, a business error to consider all the Latin-American countries as having the same characteristics. They are naturally divided into two groups — the Temperate Group and the Tropical Group. To the former belong Argentina, Chile, and southern Brazil; and in these countries are the opportunities for money making. In fact, the first lesson for the young American business man to learn is that during his lifetime the big opportunities will be in the temperate zones.

Thirty-four miles by rail from Buenos Aires down the river is La Plata, a city of more than one hundred thousand people, and capital of the province or State of

Buenos Aires. It is a made-to-order city, like our own Washington, and is well planned with rectangular blocks, also many diagonal boulevards, and with parks and plazas. On account of the wonderful growth of Buenos Aires, so near, the development of La Plata has not equaled expectations. It possesses, however, two claims to consideration: first, as the political center of the largest and wealthiest province of the republic; and second, as a great transshipping port, both for handling trade originating in the province and for accommodating ships debarred from the port of Buenos Aires by their depth. The city itself is five miles from its port, which is situated on a small arm of the Rio de la Plata. (By the way, *plata* means "silver," so that we may call this, in English, the Silver River.) Another semi-port is Mar del Plata, called the Newport of South America. This is an extremely fashionable and expensive seaside resort about two hundred and fifty miles from Buenos Aires, having every up-to-date requisite for such a resort for the wealthy residents of the cities — all on the grandest scale.

Another of the rapidly growing ports is Bahia Blanca. This is about three hundred miles south of Buenos Aires, and is the outlet for northern Patagonia. It has a population of fifty thousand. Here great docks and elevators have been built, as in the other cities. Bahia Blanca is becoming an important export center for grains, cattle, sheep, and their products. Its climate is more temperate than that of any of the other large cities. In fact, the region thereabout is said to be too cool for raising good corn.

But of all the ports, Rosario is next in importance to Buenos Aires. This is a city about 189 miles up the

Parana River from Buenos Aires, and leads that port in the export of grain. It has a population of probably two hundred and fifty thousand, and has fine public buildings, beautiful stores, and parks. On the map, Rosario seems to be an inland city, but it really has all the appearance of a great port. There are large docks, elevators, railway terminals, and everything that goes with a big city. In fact, Rosario bears the same relation, in many ways, to Buenos Aires that Chicago bears to New York. Large ships go direct from Rosario, loaded with grain and cattle, to all the important ports of Europe. Being inland, the city is hotter in summer and cooler in winter than is Buenos Aires; however, the climate is healthful, and the people have considerable energy. In many ways, Rosario presents as good opportunities for making money as any city in Argentina.

In the extreme west, toward Chile, Mendoza is the chief city of importance, about six hundred and fifty miles from Buenos Aires. It was founded by Mendoza in the middle of the sixteenth century, and was quite a flourishing place when, in 1861, it was suddenly destroyed by an earthquake, causing a loss of life of from ten to fifteen thousand. Now there are two cities, the older, and the newer settlement of forty-five thousand inhabitants, with fine public buildings and a profusion of trees bordering its wide, clean, and well-paved streets. Irrigation is easy, from the Mendoza and two smaller streams, and has been skillfully used, not only to beautify the city, but to render fertile a large tract of land around it. There are streams running even along some of the streets, and the region is especially suited for the culture of the grape. Great fortunes have been made

in these vineyards and many opportunities still exist. It is said that an economical Italian family can live on the returns from a two and one half acre tract of land. Wine making is the chief industry, and some of the wines from here have received many medals at European expositions. Most of the workmen, as well as the proprietors, are Italians, and they have modern and scientific methods and appliances. The railroad from here to Buenos Aires, a distance of six hundred and fifty miles, runs for hundreds of miles without a curve or a rise or a bridge. This is possibly the widest perfectly level plain in the world.

Another inland city is Santa Fé, the capital and center of the province of Santa Fé, which is one of the richest of the Argentine provinces. The city has a population of about forty-eight thousand. The price of good land here is about forty dollars an acre, compared with twenty dollars an acre, its price back of Bahia Blanca, and seventy-five dollars an acre, the price at which it sells within a hundred miles of Buenos Aires.

I gave considerable attention while in Buenos Aires to the study of land values. I found that in 1907–1909 lands were booming, and prices were higher than exist in the United States. Since then, there has been a drop of thirty to forty per cent., so that prices now — although perhaps not low — are reasonable. In fact, I believe that if a man with capital is willing to go to Argentina and live, he would do well to invest in land. Real estate and mortgages are still the standard investments of the Argentines. They buy no stocks, and the only bonds which appeal to them are the six per cent. *cedulas*, which are the mortgage loan bonds of the

government bank. These *cedulas* often offer one of the best opportunities for making money in Argentina.

A fine side trip from Buenos Aires is up the Parana and Paraguay rivers. One may travel all the way to Asuncion, the capital of Paraguay, a week's trip, in the same commodious steamer, or may go partly by rail. The river is so wide that for nearly the whole journey only one bank is visible. Some people visit the great Iguassu Falls on the Parana. In order to get there now, one must use small boats, or ride mule back, but good roads are in building, and it would not be surprising if automobiles reached the falls before many years. From these falls, one may see three countries, as they are located near the point where Argentina, Paraguay, and Brazil meet. They are fifty feet higher than Niagara, have a lateral extent twelve hundred and fifty feet greater, and are in the midst of a primeval forest.

The exports of Argentina consist of cattle, hides, sheep, wool, and agricultural products, especially wheat, corn, and linseed. For the meats, there are immense freezing plants in Buenos Aires, one of which has sixty miles of ammonia pipe. The great slaughter houses have all the most modern humane methods in use.

In forming an estimate of the present and prospective resources of Argentina, it is necessary to realize that the country possesses four elemental conditions of national greatness, namely, wealth of fertile territory, giving power of production; wealth of seacoast, giving power of distribution; a temperate climate; and an industrious people. Owing to the length of the country, it has a varied climate suited to the production of a long list of commodities for which there is a constant and growing demand all over the world. On the other

hand, there are not great extremes of heat and cold, for the nearness of the ocean exerts a tempering influence. The industrious trait in the people is due to the fact that the country has been settled largely by a class of foreigners noted for frugality and industry, sixty per cent. of the immigration into the Argentine having been from Italy. In addition to the natural advantages, there has been a great influx of foreign capital. In spite of the fact that some of these investments may have been unwise, yet from the Argentine standpoint such investments have been beneficial. The facilities produced by such capital have remained in the republic, and have become part of "the tools of trade by which the people may reach a higher plane of development and a greater volume of production."

The first impression received by the close student of conditions is one of surprise that so small a proportion of the natural resources has yet been exploited. For instance, only about one twentieth of the area available for crops is as yet under tillage. To balance this, in a measure, we find greater proportionate development in certain provinces where wealth and energy have concentrated, as for instance in Buenos Aires. If other sections can be granted equal loans by capitalists, Argentina may surely be expected to take very high rank among the producing and exporting countries of the world.

Farmers here are perhaps more generally prosperous than in any other part of the world, yet they have two enemies, either of which may ruin the crops and take away all the profits for the year. One is drought, for a rainfall below the average, in a country where the normal is barely sufficient, means scanty crops and a

loss of cattle. The other danger is from the locusts, which sometimes come in such great swarms as to be irresistible. The newspapers herald their approach, so that all may try to fight them. It is possible to do something to check them when they are on the ground, but when in flight nothing can stop them.

Although twenty years ago the cattle products amounted to the largest total, and agriculture came second, in the proportion of about two to one, yet now these two industries have changed places. The change is due in large measure to the opening up of the country by the numerous railroads and the consequent bringing under cultivation of large tracts of land either formerly used for grazing or not settled at all. In each of the three great agricultural products — wheat, corn, and linseed — Argentina is now in the front rank of producing countries. Great quantities of alfalfa, tobacco, rice, grapes, barley, and oats are also raised, and flax to some extent. In the north, or semi-tropical regions, sugar, mandarins, oranges, olives, and other fruits are grown. *Yerba maté*, or Paraguay tea, is cultivated in considerable quantities.

Though the increase in livestock has been great, yet the limit of the ranching area has not been reached. The export of meat received a great stimulus from the introduction of systems of cold storage and transport, and now an enormous amount of European and North American as well as Argentine capital is invested in this industry. The Central Produce Market of Buenos Aires is the largest hide and wool market in the world.

The timber regions of the country, mostly in the northern part, are rich in structural and cabinet woods. In the province of Santiago del Estero, eighty per cent.

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A CATTLE TRAIN IN ARGENTINA

of the area is filled with such forests, and over two hundred sawmills are now engaged in making lumber. The quebracho is the most valuable, and others are tipa, titane, curupuy, lignum-vitæ, algaroba, and naudubay. The opening of the forests is greatly assisted by the large navigable rivers which penetrate the section.

Mineral resources of the republic must be classed rather as probable sources of wealth than as actual contributors, at present. Although mining was carried on in the very early history of the country, and gold, silver, copper, and borax have been found in small quantities, yet this industry amounts to nothing compared with its possibilities in other South American countries. There is also a lack of coal, although some claim this to be on account of the fact that the railroads have been extended rather for the benefit of the agricultural lands than into the regions of mineral deposits. Antimony, lead, tin, bismuth, and sulphur are also found, and petroleum has lately been discovered in sufficient quantities to pay for working. There are four large salt lakes in the province of Rio Negro which are now being worked extensively by an incorporated salt company. However, Argentina has now practically no opportunities for money making from mining.

As regards manufacturing, this industry is carried on chiefly along the line of converting raw products of the fields into finished and half-finished products. Here again the lack of coal and the non-existence of rivers furnishing water power of quantity hinders the growth of great manufacturing interests. However, some native manufacturing of blankets, rugs, ropes, laces, embroideries, etc., exists and adds a little to the wealth-

producing power of the people. Ostrich breeding, bee culture, and silk culture are also carried on to a limited extent, and might prove profitable investments.

No country has offered greater facilities for the construction of railways than has Argentina. The surface is almost everywhere smooth and level, so that they may be quickly and cheaply built, and they radiate from the capital, extending to every part of the country except the wilderness of Gran Chaco in the north and the wastes of Patagonia in the south. The central part of the republic, within three hundred miles of Buenos Aires, is as thickly marked with steel rails as is the State of Ohio. Thus far, the capital for these railroads has come wholly from abroad, and mostly from England. The control of these railroads has therefore given the English great help in selling goods and in securing the respect of the country.

It is now believed that England and the other European countries will not again be able to supply capital for some years. This will give the people of the United States a great opportunity to secure concessions for railway building, the erection of elevators and the like, which have heretofore gone to the English. Moreover, if we are to gain a foothold in South America, we must accept these opportunities. To sell goods in Argentina, we must invest money there. I am tired of hearing of the opportunities, but of seeing no more evidence on the part of our bankers of willingness to invest there.

In addition to the railways, there are many waterways in the navigable rivers of the country. The Parana, Paraguay, and Uruguay, with their branches, are deep enough for quite large steamers for hundreds of miles. South of the Rio de la Plata are the Rio Colorado, Rio

Negro, Chubut, Deseado, and others, the largest being the Rio Negro, which is navigable for six hundred miles from the coast. There are regular coast lines from Buenos Aires to many of these river cities. Austrian, Belgian, Brazilian, Spanish, British, Danish, Dutch, French, German, Italian, and Swedish steamers arrive and depart regularly from the ports of Argentina to all quarters of the earth. There are fifty lines with agencies in Buenos Aires. During an average year, more than one hundred and thirty-five thousand vessels register at all ports of the republic, carrying fifty million tons, of which forty thousand vessels with twenty million tons usually report at Buenos Aires. Regular passenger service is maintained to the various ports of Europe, and steamers arrive or leave several times a week. To New York, while there are not so many steamers, opportunity is offered at least once in a fortnight for the traveler to take a direct boat. Few, however, carry the American flag; and until 1914, no passenger boats whatever carried the American flag between the United States and Argentina.

There can be no more logical argument in support of Argentina's claim to commercial importance than the fact that its foreign trade, exports and imports, amounts in all to the magnificent annual total of over nine hundred million dollars. The cities of the interior are growing rapidly, and there is everywhere a demand for capital to give these towns modern advantages. The amount of money required, not only to do this, but also to improve the vast possibilities of her plains and the mineral wealth of her mountains, should be supplied in a considerable part by the United States. Money is wanted for the establishment of banks; for the floating

of government and industrial loans; for the building and extending of railroads; for the construction of electric, rail, and street-car lines; for electric-lighting plants, water works, sewage systems; and for many other things that combine to make a general onward movement for Argentina. Moreover, all these things offer good opportunities for making money, if one will work conservatively, and with good people.

In the chapters relating to the West Coast, it was suggested that the great handicap of that region is the people. Colombia, Ecuador, and perhaps Venezuela cannot amount to much until they have an entirely different class of inhabitants. Peru, and even Chile, are greatly in need of immigration. The greatest resources in the world are useless without brains, energy, and ambition to work them.

The people of Argentina are progressive and honest. Although they number only about the population of New York State, they are an asset of the country instead of a liability. Hence, when considering going to Argentina, do not worry about the people. The Argentines are our equals. Don't forget this when attempting to make money in their country.

Also remember that we must win their friendship as well as their confidence. We must treat them as true brothers. They naturally look upon us as foreigners, as we look upon the Hebrews, Germans, and Spanish who come to our country. Therefore, to win their esteem, we must be exceedingly honest and kind. Our salesmen must tell the truth. Our catalogues must not misrepresent. We must send just the kind of goods ordered. Remember that we once had this South American trade, but lost it through neglect and mis-

representation. Again the opportunity is open to us for making money in Argentina. It is up to us to improve this opportunity. The first step is to understand the people; learn to trust them, serve them, and love them.

Until thirty or forty years ago, the population of Argentina was almost entirely of Spanish stock. Then, as the pampas were developed, there was need of laborers, some of whom came from Spain, but more from Italy. The latter have come from all parts of their country, but those from the north of Italy take to farm work, while those from the southern provinces stay in the towns, working about the railroads and wharves. As in the United States, the best immigrants are the natives of northern Italy, hard-working men who are honest and very economical. Many of them come out for the harvesting weeks of December, January, February, and March, returning home to reap their own harvest in the Italian summer and autumn, which is six months later.

The ranch work of catching and taming wild cattle and horses, and then of caring for the herds, has developed a type of frontiersman similar to the cowboys of our western plains. The Gaucho, as he is called, is still depended upon to handle the animals. He is an expert horseman, never dismounting from his animal, except at night, and then sleeping near it. They also are said to be honest and sturdy people. The rural population consists of two classes, the rich landholders and the laborers. There seems to be no middle class like our American farmers. When the Argentine colonists came, a century ago, they brought with them the idea of European feudalism, and they took as much

land as they wanted, so that the country is one of great estates, the average holding even now being about five square miles. The descendants of these Spanish, English, and Irish now hold these great estates.

There is no doubt that Argentina has the best government of any of the Latin-American countries. Theoretically, it has one of the very best governments in the world. There are several features of the Argentine constitution and methods which could be adopted with great advantage by the people of the United States. This applies not only to government, but also to other things. For instance, in addition to numbering the surface street cars, so as to show quickly the route to those who cannot read Spanish, the interior of the subway is numbered like the buildings in the streets above. This is a very simple but useful plan that could be easily adopted by New York, Philadelphia, Boston, and other North American cities.

Certain Englishmen, Germans, and Spaniards in Argentina claim that the country's government is unstable and full of graft; yet certain of our own countrymen there tell a better story. Doubtless the government is extravagant, and sometimes careless, from one point of view; but from their point of view, we also are very extravagant. Doubtless the government of Argentina is in the hands of comparatively few people, and is not a democracy, as we understand the term. Argentina has seen many revolutions, and may witness more in years to come. On the other hand, as a student of international affairs once said to me: "Not one tenth as many people lose their lives in a South American revolution as have been killed in Colorado and other strikes in the United States." In fact, the South American actually

feels that his government is more stable than ours. Certainly they have shown more self-control regarding foreign affairs. The South American revolutions are practically bloodless; they do not cost as much, nor disturb business as much, as do our presidential elections.

Of course Argentina is a young country, and without doubt the government is less stable than most people in the United States realize. On the other hand, I am sure that the leaders in Argentina appreciate their faults and dangers, as well as do their critics, and are making great efforts to eradicate them. I do not dare to say too much, as I am apt to judge a country by its statistical work, and in its statistical work Argentina is one of the leaders of the world. However, I must say that the limited opportunity given me to study this country caused me to believe in its government as well as in its people. Certainly it leads all other Latin-American countries, and, all things considered, is nearly on a par with our own, excepting in connection with the integrity of the vote.

Argentina is one of the five American republics which have adopted the federal form of government, the others being the United States of America, the United States of Brazil, the United Mexican States, and the United States of Venezuela. All the other republics of America have a unitary form of political organization. The constitution of the Argentine nation, dating from May 1, 1853, and finally sanctioned September 25, 1860, with some later emendations, is the one in force. It provides for the three usual branches of government — legislative, executive, and judicial. The legislative power lies in the National Congress, consisting of the

Senate and Chamber of Deputies, the former with thirty, the latter with one hundred and twenty members. Senators are elected by the legislatures of the provinces (States) and, in the federal district, by a special body of electors; two from each province and two from the federal district; their term is for nine years, one third retiring — selection being made by lot — every three years; there is a property qualification attached to the senatorship. Deputies are elected by direct popular vote, one for every thirty-three thousand inhabitants, for a term of four years, the chamber being removed by halves every two years.

The President of the Republic of Argentina and the Vice-President are elected indirectly, as in the United States of America, for a term of six years, neither being eligible for an immediately succeeding term. The Vice-President is the presiding officer of the Senate. The President has a salary of over thirty thousand dollars gold. In his executive authority he is assisted by a cabinet of eight ministers, appointed by him. These are: Minister of the Interior; Minister of Foreign Affairs; Minister of the Treasury; Minister of Justice and Public Instruction; Minister of War; Minister of Marine; Minister of Agriculture; Minister of Public Works.

There is not so much that is romantic and exciting about the history of this southern republic as was connected with the conquests of Pizarro in Peru. The Spanish navigator, Juan de Solis, in search of a passage to the Pacific Ocean, was the first European to discover Rio de la Plata, in the year 1516. Sebastian Cabot entered the river in 1525, and gave it the name it still retains. The viceroyalty of La Plata (then including

Argentina, Bolivia, Paraguay, and Uruguay of to-day) was defined in 1776, its first viceroy being Pedro de Zeballos, appointed in 1777. The Declaration of Independence by the people of Buenos Aires was made on May 25, 1810, three great leaders in the movement being General San Martin, General Belgrano, and Admiral Brown. A congress held July 9, 1816, at Tucuman, declared the independence of the "Provincias Unidas del Rio de la Plata" (United Provinces of the Plata River). In 1860 the country adopted the name by which it is now known, "La Nacion Argentina."

Merchants disagree as to the question of South American credits; that is, whether or not our manufacturers will get paid for goods which they ship there. There is no question that the demand exists in South America for our manufactured goods, and that an assured supply of such goods exists in this country, which we could easily ship down there; but there seems to be much doubt as to the credit situation in South America. The following statement by an Argentina merchant illustrates their point of view:

"Before your people from the States can hope to secure much more business down here, you must either change your methods of doing business or else start banks in South America. Your manufacturers are in the habit of simply manufacturing. They send customers of their own country around the corner to get their banking done. This works well in a country like yours, with over twenty thousand banks, and where there is sure to be a bank around every corner. Here in South America, however, business is done in a different way. The great English, German, and French manufacturers are both merchants and bankers. They

have both sold us the goods and have given us the banking facilities to buy these goods.

"It makes us tired down here to have you continually talking about our demands for long credits. We don't ask so much credit as do your customers in the States. Moreover, we are much more careful to meet our drafts and other obligations when due than are your customers to pay their notes at your home banks. The difference is right here. Assume that you have a mill in Massachusetts, and I am a Boston jobber to whom you desire to sell goods. I ask you what are your terms, and you tell me thirty days. I reply that I cannot turn over the goods in thirty days, but that it will take six months. Do you refuse to sell me? No! You send me to a bank of which you are a director, and they loan me for six months the necessary money to buy goods and pay you within thirty days. To do business down here you must start banks which will do for us in Buenos Aires what your Boston banks do for your Boston customers. In addition, let me tell you that it offends us to be told that our credit is not worthy of such accommodation. We don't need North American banks simply to do a foreign exchange business. We want them to finance our purchases of North American goods.

"Of course, the greatest profit to you would be to follow the English and German system and allow us the credit direct, adding to your price accordingly, but either method would be satisfactory to us. Only don't be so stupid as to think that the English and Germans do not charge us for extending such credit. With money rates from twelve to eighteen per cent. you may be sure that our merchants are willing to pay considerably more for goods on long credit. Of course we dare

not make you a higher offer for fear you'll be scared to sell us at all."

Another view of the trade question is represented by the following statement from a leading merchant:

"You see that the English and Germans understand foreign trade. It is an art with them the same as the killing of hogs and the making of shoes is an art with the people of your country. The Germans even have separate colleges in which to train men for foreign trade, while the English inherit a love for oversea commerce. Your people have been so surrounded by natural resources and high tariffs that they have become actually stupid as regards foreign trade. The English and German firms both try to please us and also to finance our purchases."

The President of Argentina, when I visited South America in 1915, was Señor Victorio de la Plaza, a man who has traveled extensively and who lived in London for many years. He is the owner of a great estancia, or ranch, in Argentina, which makes him a multi-millionaire. When we, of the United States, speak of men of great wealth, we think of mills, factories, and railroads, but it is different in Argentina. There the great "trusts" are land trusts, and the captains of industry are ranch owners.

The Government House at Buenos Aires, where I met the President, is as fine a palace as exists in America. The guards and servants are in blue livery, while luxury pervades the place. The correspondence and introductions are extremely formal, yet I was given the utmost freedom and no one ventured to suggest what I should talk about.

On being introduced to the President, I began:

"The people of the United States are much interested in your great country. They know of its wealth and importance, and are anxious to do business here. There seems to be, however, a misunderstanding about credits. English, French, and even some North American firms doing business in your country tell my people at home that credits are unstable in Argentina and that it is unsafe to invest American capital here. Will you please give to my countrymen a statement regarding this question of credit?"

Whereupon the President squinted his eyes and answered:

"Conditions in Argentina are the same as in the newer parts of your own country. If a jobbing house in Chicago desires to open a branch house in Texas, it must take chances. There is no guarantee by any one that there will not be some losses at first. The best customers in Texas will naturally remain with the older and more established firms. A new firm in any locality must always start with the poorer customers and gradually obtain the better ones. When a New England manufacturing concern starts a new mill in your South, it expects to run at a loss for a while; neither your government nor your State will guarantee the securities. Conditions are no better, and no worse, in Argentina than in the United States, *considering the ages* of the two nations. Your merchants must take a certain chance and risk; but these are no greater than they are continually taking in their own country."

After leaving the President, it occurred to me to obtain the failure statistics of Argentina, and compare them with those of the United States. This comparison is shown by the following:

	Failures in United States	Failures in Argentina
1910	$195,223,045	$18,576,125
1911	189,358,591	26,638,125
1912	202,085,974	34,619,774
1913	282,232,584	72,530,307
1914	344,895,431	180,836,061
Total for 5 years	$1,213,795,625	$333,200,392
Average for 1 year	242,759,125	66,640,078
Failure in dollars per capita	$2.55	$7.40

These figures suggest that perhaps the President of Argentina is a better politician than statistician. They certainly show that under the present unsatisfactory Argentine laws, failures are very common and risks abnormally large.

I think our able United States Commercial Attaché expressed the situation very clearly and fairly when he said to me, after I had told him what the President had replied:

"There are great opportunities here, yet nearly all have been tapped; there are many chances to make money here, but nearly all have been tried. One cannot come to Argentina and pick up gold in the streets. Time and money must first be spent on development work before fruit can be gathered. Moreover, the fruit will not gather itself. Some one must do the picking. Also, if the fruit is to keep, it must be picked carefully and packed honestly."

This President of Argentina believes that the real question is whether or not the merchants and manufacturers of the United States are willing to do their part and give the same attention, capital, and treatment to trade in South America as to trade in North America. If they will, the problem is largely solved,

but otherwise not. The old rule, "Never venture, never win," applies equally to both continents. The reason why the Germans and Italians have done well in Argentina is because they are willing to venture in order to win. First, they take a venture by going to settle there; they do not just make a flying visit as we do. Secondly, they take a venture by investing their money there; they are not suspicious of the Argentines as are we. Finally, they venture by marrying an Argentine girl — and this last venture is the most important of all. We North Americans will never succeed there until we are willing to intermarry with them. When our boys will marry their girls, and our girls will marry their boys — then we shall be recognized as their friends. This is the first real venture we must make. Some say that commerce follows the flag; others say that it follows the banks; but there they believe it follows love and marriage.

I next asked the President what the people of the United States must do in order to secure a foothold in Argentina, and he answered at once:

"Your countrymen must invest capital down here if they intend to compete with the English and other nations. Now, we need capital. We are a very rapidly growing country, and we have many uses for money. It is natural that we should feel the most indebted to the people who have supplied us with the most capital. Up to the present time, England has led in this respect. Not only has she supplied us with many times more money than has any other nation, but she has furnished to us more than she has to any other nation. Statistics suggest that England prefers our securities to those of even your own country.

"The following figures," said the President, "covering one half of a year, show you why we love England. These figures show the destination of new capital issued in the United Kingdom during six months; and the proportions for any other six months will show up the same."

Argentina	$64,046,000
Russia	61,220,500
United States	43,995,500
Brazil	26,507,500
Belgium	24,512,500
Austria Hungary	20,881,000
Mexico	9,115,000
Chile	8,725,500
Greece	7,781,500
China	3,500,000
Sweden	2,442,500
Philippine Islands	1,800,000
Turkey	970,000
Cuba	200,000
Dutch East Indies	163,000
Germany and possessions	63,000
Other European countries	3,797,000
Other South American Republics	6,211,000

"The English have ventured, and have won. If you will venture, you can win likewise. But you can never win by refusing to buy Argentine securities, by refraining from investing money in Argentina, or by asking for cash in advance."

Then the President checked himself, and stopped talking. I rather think he wanted to criticise us for demanding cash in advance, and then shipping any old merchandise to suit our fancy — poorly packed, wrongly addressed, and listed in yards and inches,[1]

[1] The Argentine children are taught the metric system of weights and measures, which is almost universally used throughout the world, with the exception of England, United States,

which are as Greek to the Argentines, but he refrained from any criticism.

The President referred only to the English. I have been told that he is partial to the English, preferring them to any other foreign people. Statistics, however, show that during the past few years the Germans have also invested large sums in Argentina, and are entitled to as much credit as the English. The following story, told to me by one of Argentina's leading bankers, illustrates German methods:

Some people secured a franchise for a street railway in an important Argentine city. Knowing of our New York and Philadelphia traction magnates, the promoters offered the proposition to capitalists in those cities. The United States financiers, however, had never been to Argentina. They laughed at the idea of this South American city wanting such a system, so they turned it down. The Argentines then appealed to Germany. The Germans accepted the offer at once. They not only built the property, but they built it quickly and finely. It is the most attractive system that I ever have seen. It is far ahead of anything in New York, Philadelphia, Boston, or any other large North American city. It is equipped with German machinery. It is a great big advertisement for Germany every day. It has resulted in selling scores of millions of dollars worth of other German electrical machinery. Even our own United States corporations are now buying their electrical machinery for use in South America from Germans. The Germans ventured, and *they* won.

Turkey, and China. Why we do not discard yards, inches, bushels, and quarts, and substitute the decimal metric system therefor, is incomprehensible to all foreign buyers.

I then took the liberty of going a step farther and of speaking frankly to the President as follows:

"Mr. President, I am told that the real trouble with Argentine credits lies not with Argentina, but rather is due to the fact that we North Americans are not feared by your people as are the English and Germans. For instance, I am told that if one of your merchants owes fifteen thousand pounds in equal amounts to an Englishman, a German, and a United States citizen, and the Argentine has only ten thousand pounds, he will pay the Englishman first and get his cash discount, and the German next. The result is that he has no money left with which to pay my countryman. Is there any truth in such a report as this?"

Of course the President did not answer my question, and it was not to be expected that he would. I was told, however, by others connected with the government that if he had answered, he would have acknowledged that it is the "big stick" policy which tells. This brings up a very interesting question. Let me explain.

It is generally admitted that before we can develop a rich Latin-American trade we must do two things, viz.:

1. Secure protection to American capital invested in Latin America in order that we may safely extend credits and organize banks.

2. Secure freedom from dependence on ships, railroads, and cables of our competitors in order that we may get equal and just treatment.

From talks with financiers I am convinced that these two things can be secured in only one of two ways, either by adopting the big stick and continuous foreign

policy system of the European governments, or by insisting that banking, transportation, cables, etc., used for international trade shall be under international control and protection. This does not mean that the nations of the world need unite in any sort of a political alliance, but simply that some inter-nation be devised whereby banks, ships, etc., can be operated under an inter-nation trade flag, if the parties interested so desire.

Of course, the simplest method at the moment would be for our government to adopt the big stick and continuous foreign policy, as practised by European governments; but certainly this is not a democratic method, and the leading South American statesmen do not believe our people will ever stand for it. If this is true, it is a sure thing that we shall be at a distinct disadvantage in playing the game with the European nations until the other alternative — that is, international control and protection for international investments and trade — is put into operation.

I next said: "Mr. President, many people come back to the United States and talk about the great money-making possibilities down here, but they fail to be specific. It is hard to pin them down to definite statements. Will you please indicate to me along just what lines capital can be most advantageously invested here at the present time?"

To this question, the President immediately replied:

"Argentina is an agricultural country, and is so destined to be for many years to come. Had we coal or water power, it would at once be possible to manufacture here great quantities of shoes, textiles, and other things for which we have the raw materials. Under the

circumstances, however, manufacturing will develop only very slowly. It is in agriculture and cattle raising that the great future of Argentina exists."

The President then referred me to a pamphlet which had just been published in English by the Honorable Ricardo Pillado, Director General of Commerce and Industry, which contained a story of Argentina's growth and present condition, and in which he says:

"Among the principal items of Argentina's wealth stands forth the meat trade, transformed during the last quarter of a century by the energy of the country, the improving of its stock, and the change of the primitive methods of treating the beef which constituted the traditional system of three centuries (jerked beef, etc.) into the freezing and preserving of meats of the finest quality. By the most perfect methods, we get the nutritious extracts and other products which are the result of our improved industry and latest progress. The growth of this branch of activity is shown by the fact that in 1885, the year in which the frozen-meat system first commenced, all the exports of meat in its various forms reached a total of $6,684,945, whereas now it has increased to about fifty-five million dollars, that is to say, almost nine times the value of the annual sales when this new method was first employed. The returns of the four principal agricultural products are not less interesting."

In 1904 Argentina exported the following:

Wheat	$66,947,891
Maize	44,391,196
Linseed	28,359,923
Oats	541,973
	$140,240,983

and ten years later —

Wheat	$102,631,143
Maize	112,292,394
Linseed	49,910,201
Oats	20,447,278
	$285,281,016

Readers must remember that these products have been obtained with little care and unscientific methods. In fact, I was much interested in a story which Ambassador Stimson told about a friend of his who has a very successful *estancia* about three hundred miles from Buenos Aires. Mr. Stimson asked the man how he secured so many more bushels per acre, so much fatter cattle, and so much finer fruit than his neighbors. The rancher called Mr. Stimson aside, and whispered:

"Don't say anything about it to my competitors here, but I subscribe to an old American agricultural journal, and to some of your government reports. They keep me posted and give me information which my neighbors either do not know about, or else are too lazy to apply."

Again the President referred me to the pamphlet just mentioned. With a twinkle in his eye, he said:

"Look at these statistics. [See p. 251.] Does the record of the United States production show any such gain as this?"

I tried to pin him down to telling me of other industries than agriculture wherein there are good money-making opportunities; but I did not have much luck. We could n't understand one another perfectly. He seemed to think I wanted him to name some industry which the government would subsidize or protect by

THE DEVELOPMENT OF ARGENTINE AGRICULTURE, 1896–1913

CULTIVATED AREAS IN HECTARES[1]

Years	Wheat	Linseed	Maize	Lucern	Other Cultivations	Total
1896	2,500,000	360,000	1,400,000	800,000	510,000	5,570,000
1897	2,600,000	350,000	1,000,000	900,000	522,000	5,372,000
1898	3,200,000	332,788	850,000	1,067,983	533,000	5,983,771
1899	3,250,000	355,229	1,009,000	1,268,088	545,000	6,427,417
1900	3,379,749	607,352	1,255,346	1,511,601	557,000	7,311,048
1901	3,296,066	782,880	1,405,796	1,631,733	567,000	7,638,475
1902	3,695,343	1,307,196	1,801,644	1,730,163	580,270	9,114,616
1903	4,420,000	1,487,000	2,100,000	2,172,511	606,000	10,685,511
1904	4,903,124	1,082,890	2,287,040	2,503,384	648,000	11,424,438
1905	5,675,293	1,022,782	2,717,300	2,983,643	682,443	13,081,461
1906	5,592,268	1,020,715	2,851,300	3,537,211	796,099	13,797,593
1907	5,759,987	1,391,467	2,719,260	3,612,000	1,129,078	14,612,792
1908	6,063,100	1,534,300	2,973,900	3,687,200	1,572,063	15,830,563
1909	5,835,500	1,455,600	3,005,000	4,706,530	3,772,042	18,775,672
1910	6,253,180	1,503,820	3,215,350	5,400,580	3,994,152	20,367,082
1911	5,897,000	1,630,000	3,422,000	5,630,100	4,304,589	21,883,689
1912	6,918,450	1,733,330	3,830,000	5,955,000	4,550,946	22,897,726
1913	6,573,540	1,779,350	4,152,000	6,690,000	4,896,736	24,091,626

[1] 100 hectares — 3,861 square miles.

a special tariff. Finally he turned to a statistical report, and said:

"I suppose that the greatest opportunities for manufacturing here in Argentina are of the things of which we import the most. As you see, this list includes almost everything. Whereas probably all the clothes that your very able President, Señor Wilson, is wearing to-day were manufactured in the United States, not a thing which I have on, from my collar to my shoes, was manufactured here in Argentina."

Although the official figures are very convincing, they do not necessarily signify that South America is a happy hunting ground either for farmers or others.

Great quantities of cattle and grain may be raised each year; but all the profits may go to the railroads, the packers, and the commission men. I have heard that this is especially true in Argentina, where so many of the farmers are renters, and where the railroads and other corporations are so free from government supervision. Therefore I asked the President this question:

"Mr. President, I have always heard that Argentina is a rich man's country; that if one has money, Argentina is a good place to seek land, but otherwise one is better off in Canada or some other country, which favors the small farmer. Is this true or not?"

"There is no doubt," answered the President, "that more favorable homestead laws will be passed and that the tendency is greatly in favor of a gradual division of the land among more farmers. Although the man without capital has always been protected in the cities — where he seems to want to live — perhaps he has not been sufficiently cared for when he has gone into the country. Attention is continually being given, however, to the farmer immigrant, and I think you will soon see changes in our land laws."

I then called to the President's attention the fact that so many of the Italians and others who come to Argentina for the harvest work, beginning in January, return home again in April. (In the United States, the proportion of those returning is very small indeed.) The President explained this by saying that the Italians who come to the United States can gain nothing by returning home, since the Italian and North American summers come at the same time, in July, August, and September. The South American summer, how-

ever, comes in January, February, and March, thus giving the Italians there the opportunity each year to work at gathering the harvest both in their own country and in Argentina.

One day I was entertained by an Italian who had come to South America as a common laborer and who had become very wealthy through importing machinery. He "ventured" to the extent of marrying an Argentine woman, and has raised two girls and three boys. One boy has been educated in Leipzig, another at Oxford, England, and the third in the United States. While we were riding about the country in his beautiful high-powered Italian car, he said to me:

"A great opportunity awaits the two countries, Argentina and the United States, to get together on farm labor and provide steamship accommodations for transporting each year in April, when our winter begins, the surplus from Argentina to the United States, and from the United States back to Argentina in October, when your winter commences. This would be a splendid thing for both the Americas. Please suggest it wherever you can."

"Never venture, never win" applies to almost everything you see and every place you visit in Latin America; in fact, it applies everywhere and to everything. Because a thing never has been done, is no reason why it should not be done. Moreover, when some one attempts to discourage us, he usually has a selfish reason. This especially applies to discussions concerning the granting of long credits.

In my opinion, there is more sentiment than financial need concerning the whole question of South American credits. The people of Argentina, Chile, and Brazil

consider themselves our equals; and with an allowance for their age, the Argentines certainly are. They are not up to us in all things, but they lead us in some things. There may be more graft in their national government than there is in ours; but their city governments are undoubtedly better.

The park systems of Buenos Aires are the most complete that I have ever seen. Upon inquiry, I found that the Park Commission runs a special training school for young men who desire to become park superintendents, landscape gardeners, and the like. One half of the day is given to book-study at the park headquarters, and the other half to practical work, such as pruning and transplanting trees, planting seeds and seedlings. Even Montevideo, across the bay, can teach our cities a lesson. It has a fine, long boulevard with a grass plot and double street-car tracks in the center. Between the tracks is the pole line with the trolley wires hanging from brackets on each side, and on top of each pole is a big arc light. On each of these poles, about ten feet from the ground, is a circular basin of beautiful plants, such as geraniums and ivy, on the principle of a window-box. Here, also, were flagmen at dangerous street crossings where street cars and automobiles might collide. We think of making steam railroads supply flagmen at certain points, but it never occurs to us to have the electric roads do likewise and place flagmen at all important crossings.

Owing to the funny stories which tourists tell about the "marriage market" in Valparaiso, and some of the volunteer fire departments of other West Coast cities, we are apt to think that we ourselves are far superior to our Chilean and Argentine neighbors. But none of

us should do any bragging. What the most intelligent of us know compares with what the most ignorant know only as the head of a pin compares with the point. When comparing our customs with those of South America, I like to think of the old Inca days in Peru, before European customs were introduced, when every man was compelled to marry before he was twenty-five. Then he was given a farm by the State; while at death, all he left above a certain amount reverted to the State.

I am sure that the Argentines are very much hurt when we refuse to treat them as equals. They doubtless could pay cash and borrow at their local banks as do merchants in the United States if their system were so arranged. They have just as much money as have our storekeepers; but the Argentine system provides for the jobbers to do the financing instead of the local banks. This is why there are so few banks in Argentina and so many jobbers. Hence it greatly hurts their pride to have us question their credit, especially when it is satisfactory to the English, French, Germans, and other people.

At parting the President said:

"Extend to your readers for me a hearty invitation to visit Argentina. Tell your merchants not to refuse us credit until they personally come down here and meet us. Tell your manufacturers not to rely upon what the competitive manufacturers of other nations say about us. Tell your bankers and investors to come here while great bargains can be secured and while money can be loaned at high interest rates. Call attention to the fact that there are fewer United States citizens in Argentina to-day than were here thirty

years ago. Permit me to call your attention to this table:

ARRIVAL OF IMMIGRANTS IN THE REPUBLIC FROM 1857 TO 1913

	Arrivals in all		Arrivals in 1913
Italians	2,247,760	Spaniards	122,271
Spaniards	1,420,393	Italians	114,252
French	211,608	Syrians	19,542
Russians	155,285	Russians	18,616
Syrians	130,937	French	4,696
Austrians	85,053	Germans	4,620
Germans	59,688	Austrians	4,317
Britons	53,792	Portuguese	3,619
Swiss	32,504	Britons	2,132
Portuguese	24,997	Swiss	880
Belgians	22,663	Greeks	849
Greeks	11,505	Danes	819
Dutch	7,412	North Americans	519
North Americans	6,028		

"Also," the President continued, "urge your people to establish steamship lines between New York and Buenos Aires for both passengers and freight under the American flag. Study these statistics:

TONNAGE OF FOREIGN VESSELS (BOTH STEAM AND SAIL) ENTERED AT AND CLEARED FROM THE ARGENTINE PORTS IN 1913, SHOWING NATIONALITIES

	Tons		Tons
United Kingdom	18,433,228	Sweden	113,858
Germany	2,840,178	Chile	107,826
Italy	1,443,936	Greece	73,652
France	1,181,909	Brazil	64,743
Austria Hungary	565,406	Russia	43,560
Norway	498,545	United States	27,190
Holland	446,205	Portugal	3,432
Spain	429,888	Mexico	1,500
Belgium	346,789	Paraguay	824
Denmark	130,337	Bolivia	432
Uruguay	127,068		

Look at the United States, followed only by Portugal, Mexico, Paraguay, and Bolivia!"

These figures, like the others, show that those who have ventured have been the ones to win. The English, Germans, and Italians have ventured the most, and to-day have the cream of the Argentine business. Moreover, we can displace them only by likewise venturing men, money, and time. Argentina is like every other country. Only those who venture really win.

As I left the private room in which the interview was held, I passed out onto a glassed-in veranda, or sun parlor, which looked down upon the bay. There, within a mile of waterfront, was the largest number of steamships that I ever saw together. There were flags of every nation. Most of these ships were loading with grain or frozen beef from the great elevators and stockyards adjoining the waterfront. What an opportunity Argentina will have — thought I — when an internation and neutral trade flag shall be adopted and the seas come under international control!

From here I passed into the President's reception room. Again I stopped to look at the beautiful paintings, by old-world masters, which adorned the room. Here was art at its best, amid surroundings of luxury and beauty, things for which the grain and cattle were exchanged. The contrast was so marked that for days it remained by me. For in those moments, the sum total of Argentina, with its great producing powers and its love for spending, had been revealed to me. Yes, the Argentines are taking their own advice. They have ventured and they have won; not through saving, as did our New England ancestors, but rather through spending.

Of course, to the average banker and manufacturer of the United States, this seems to be the wrong principle upon which to go. "Borrowing and spending" does not sound good to a thrifty New England manufacturer. Hence his fear to extend credits; but this fear has little real basis in fact.

If my Argentine experience had been confined to the Argentine palace, probably I, also, would be pessimistic regarding a nation which borrows so heavily and spends so freely. Fortunately, however, my observations were not limited to the palace or from its windows. I was able to go out on the Argentine prairies and see the great fertile plains where Argentina's wealth is produced. As I rode through the thousands of acres of corn and other grains and as I saw the hundreds of thousands of blooded fat cattle ranging over the prairies, I gradually came to the conclusion that Argentina is justified both in her borrowing and in her spending. Those who have never seen a single tract of twenty thousand acres of alfalfa in one lot cannot realize the great producing qualities of the Argentine Republic, and yet it has many such tracts of alfalfa and wheat.

The next step in South American trade is to convince North American short-sighted bankers of South America's great natural wealth. Whether or not this can be accomplished soon I do not know; but I do know that if our bankers could be taken to Argentina and shown its cities, the wheat fields, the herds of cattle that I have seen there, they would not hesitate one moment in establishing throughout South America a great Bank of North America.

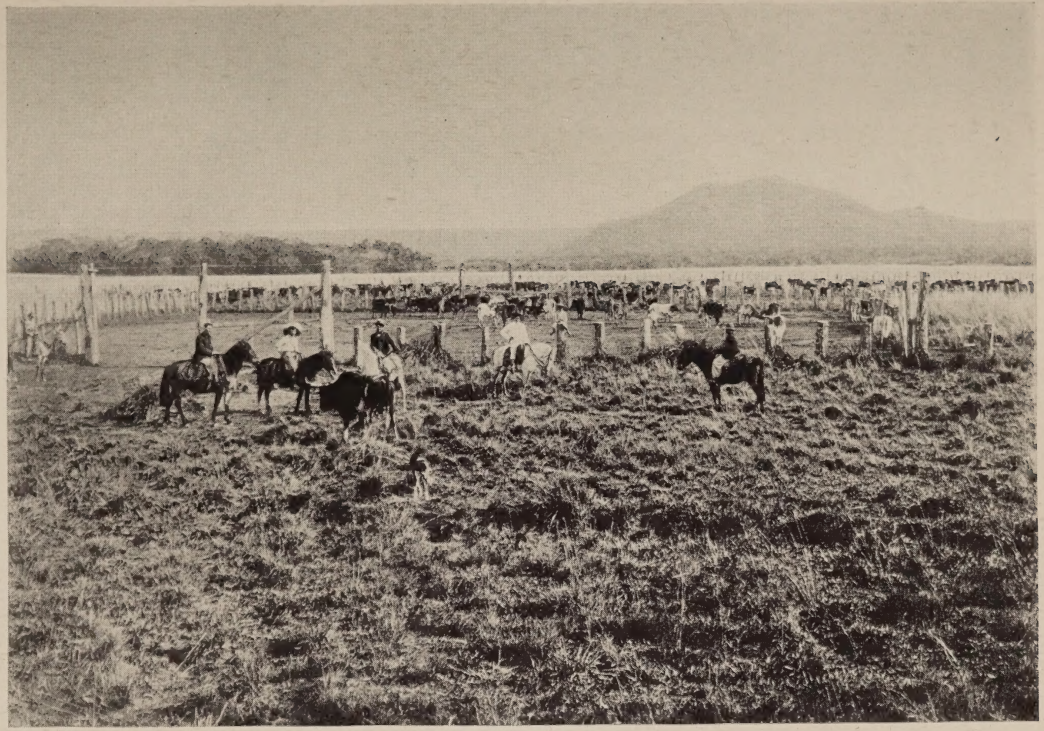
In referring to the other countries of Latin America, I suggest that certain things are needed, such as immi-

gration, irrigation, capital, and the like, and that much cannot be expected from these countries until such things are secured. It is, however, entirely different with Argentina. Although Argentina needs more immigration and capital, yet it is fast obtaining them. Moreover, Argentina has a large birth rate and, being a greater exporter, is rapidly accumulating capital. In other words, Argentina's future is assured. It is a country much like our own, and its future will be as great and prosperous. Argentina is in a class by itself among Latin-American countries. It is not a coming country; it is already here!

CHAPTER XV

Paraguay

Paraguay is one of the two interior countries of South America, and lies almost in the center of the continent. It is midway between the two great oceans east and west, and its northern boundary is equally distant from the northern and southern extremities of the continent. Without effective means of transportation and inhabited in the main by Indians or people of Indian descent, the country in the past has had little to offer in the way of trade or investment. But today, with the completion of railroads, it begins to offer a chance for all interested in the development of a rich territory where land is cheap and fertile, the possibilities extensive, and the present inhabitants incapable of great things. The area of Paraguay is about one hundred and twenty-two thousand square miles, or the same size as Indiana, Illinois, and half of Missouri combined, and the population is perhaps eight hundred thousand. This population has been increased greatly of late by immigration, for the country now offers opportunities for making a good living in agriculture. The greater part of Paraguay is a subtropical plain, and grows the products of both the temperate and tropical zones. The great stretches of prairie or llanos offer good opportunities for cattle raising, while the forests on the slopes of the mountains and along the banks of



SETTLERS BRANDING CATTLE, PARAGUAY

the numerous rivers furnish woods of great variety and value, besides many medicinal plants.

Like most of the countries of South America, the history of Paraguay stretches back to the early sixteenth century. It was discovered by Sebastian Cabot, who in the years 1526 and 1527 sailed up the Parana and Paraguay rivers. He was followed by Spanish explorers who founded Asuncion, the capital of the republic, in 1536. The Spanish governed the country until 1811, when independence was declared, and since then Paraguay has been, in theory at least, a republic.

The great rivers flow along the borders of the country and serve as its highways. The great Parana River is more than two thousand miles long, and can be navigated by large vessels as far as the boundary of Paraguay, and by small boats for six hundred miles farther. The Paraguay River flows through the center of the country, and large steamers can sail up as far as Asuncion, about six hundred and fifty miles from Buenos Aires.

Asuncion is a prosperous city, and has about one eighth of the population of the country. It is, of course, the trade center of the country, and is quite a modern place. There is an electric light and street car system, and many of the buildings are attractive. It has some manufactures such as tanning and cigar making, and the lace industry is also important.

The resources of the country are largely agricultural. Indigo and sugar-cane are easily cultivated, and the forests contain many different varieties of cabinet and dye woods, resins, and balsams. A native fiber plant known as mapajo, used in the manufacture of a coarse textile for garments, is extensively raised. Tobacco is

a leading crop, and all this goes to Buenos Aires. The native cotton is very valuable, and this industry offers great possibilities.

One of the most lucrative industries in Paraguay is the manufacture of oil of petitgrain, extracted from the leaves of the native orange tree. The product is used as a basis for perfumes and flavoring extracts, and it is said that it takes three hundred and fifty pounds of orange leaves to yield one pound of essence.

The principal crop of the country is the maté tea which grows everywhere, and the exports of which are immense. The plant is called *yerba maté*. Although Paraguay is its home, it also grows largely in southern Brazil. It is usually found in the forests, and is always considered by lumbermen as a most valuable by-product.

Those who drink this beverage say that it has all the stimulating and nourishing qualities of the tea we use, but none of its injurious effects. It has much in common with other tea and with coffee, as it contains both tannin and caffein. Of tannin, there is less in maté than in other teas and in coffee; of caffein, there is less than in tea, but about the same amount as in coffee. It is claimed, therefore, that the caffein gives to Paraguay tea its sustaining quality, while the small amount present accounts for its decided virtues. It does not irritate but soothes the nervous system, and this is the reason for its past and present use among all classes of people.

The name *maté* really refers to the cup from which the natives drink rather than to the herb itself. This cup is a dried gourd, hollowed out, with an aperture

where the stem used to be, into which the crushed leaves are placed before boiling water is poured on them. From this cup the decoction is then sucked through a tube called a *bombilla* (little pump). Formerly this was made of a reed, and is sometimes now so found; but usually it is fashioned from metal, with a perforated, spoon-shaped expansion at the lower end.

The tea may be drunk either cold or hot, at meals or between meals. It is reported that a company has been formed abroad to extend the use of maté. Returning settlers and soldiers from South America insist on importing it for their own use, as they become very fond of it.

The plant itself is the South American holly, and outside of Paraguay is found also in the four Brazilian states of Parana, Santa Catherina, Rio Grande do Sul, and Matto Grosso; also in the northeastern region of Argentina. It is a bushy evergreen shrub, somewhat resembling an orange tree. It has bright green leaves, small yellow flowers, and tiny, purplish-black berries. There are different kinds, the best having a very small leaf of a dark-green shade. The seeds become so hard and dry, a few days after picking, that they can be cut only with a very sharp utensil. Harvesting the leaves is conducted now in the same way that it was centuries ago. This method is described by an authority as follows:

"The branches are collected and piled up in the form of a haystack. Then the *torrefaction*, as the smoking process is called, begins, and lasts for about three days. The natives are very skillful in deciding just when the leaves have reached the proper degree of dryness for use. Usually about twenty-four hours is

the right time for exposing them to heat, sometimes more, but never less."

The Indians originally did nothing but gather the leaves from the native trees in the forest; but the Jesuits cultivated maté from the seed, and there has since been a steady growth in this cultivation. As South America supplies the world, and as the beverage is becoming increasingly popular, more and more cultivation will probably be necessary to meet the demand. It has been estimated that the number of drinkers of Paraguay tea is about ten million persons in South America, and it is stated that the supply frequently falls short of the demand. The yearly consumption per capita of this drink is given as follows: Chile, 112½ pounds; Bolivia, 4½ pounds; Argentina, 20 pounds; Uruguay, 22 pounds; and Paraguay, 34 pounds. Even in the Brazilian State of Parana, very near the coffee-growing center of the world, the annual consumption per capita is forty-four pounds. This shows the influence the habit has on the European immigrant, for Parana has a relatively large proportion of Germans and Poles among its colonists.

Throughout Brazil and Argentina, the average retail price of the tea which we drink is about $1.20 a pound; while maté sells for less than twenty cents a pound. In large quantities, I could purchase it for ten cents a pound, so that it surely could be sold in the United States at from twenty to twenty-five cents a pound. For making one cup of drink, more maté is needed than regular China tea. China tea yields up its strength more quickly when dropped into boiling water than does maté. China tea-leaves, however, are of little use for the second cup; while the same maté-leaves are

good for a second, third, or fifth cup. Thus in making one cup of tea, our regular China tea is more convenient and perhaps as cheap; but in serving an entire family, maté could be used to great advantage. Some day it will surely be introduced extensively throughout the United States, and some persons will make a large amount of money in the process.

The United States has had little trade relation with Paraguay. We have taken some of their exports, such as hides and tannins, but we have sent them little in return. Our exports to that country are only about six per cent. of their total imports. As Paraguay will eventually be on the transcontinental railway, this state of affairs should be changed easily. Immigration will rapidly increase the demand for supplies of all kinds, and should make the country a good market. Paraguay also offers opportunities for settlers, and the delightful climate will aid in securing them. So far the trade has been principally in the hands of the Germans, French, and Spanish; but altogether it amounts to little. Experts on South America tell me that Paraguay is the least developed of any of the countries. While its future may be bright, yet this future is a long way distant.

The immediate future of Paraguay depends upon when and how its lumber is to be cut and marketed. Wonderful timber lands along the rivers can be purchased to-day at six dollars per acre, while timber is selling at high prices in Buenos Aires. The real future of Paraguay awaits immigrants who are willing to farm. Splendid land can be purchased at from twenty cents per acre up, according to the distance from the rivers.

There are also great water powers in the country.

Coal is scarce in Argentina and central South America, and these water powers must ultimately be depended upon for manufacture. At the moment, Paraguay only needs more railway service to begin a period of development.

CHAPTER XVI

Uruguay

Leaving Buenos Aires at night, one reaches Montevideo the next morning, after a ride of one hundred and twenty-five miles. There are two lines of very attractive steamers, and the fare is reasonable. Montevideo is almost due east from Buenos Aires, and is situated on a small peninsula, so that in the business parts of the city, the streets begin and end at the water. Many wonder, when studying Uruguay, why this great body of water, one hundred and eighty miles wide and so evidently an arm of the sea, should not be called the Gulf of La Plata. The exact point at which the river enters the Atlantic cannot be told, but for all practical purposes, it is safe to say that the east side of Montevideo faces the Atlantic Ocean, while the south is washed by the waters of the river. The ancient fortress, El Cerro, appears as the guardian of the entrance, on the mountain from which the city takes its name. The lighthouse at the top of this hill, with its revolving light, is visible for twenty-five miles. After the absolute flatness of Buenos Aires, this elevation is a great relief, though it be not more than four hundred and fifty feet. The cathedral towers are also conspicuous, rising to a height of over one hundred feet above the city.

Of the city itself, an enthusiastic traveler has said: "Oh, altogether different is this from anything in our

New World; this happy, drowsy capital of Uruguay, with its little, winding streets showing water at the ends, and no great obtruding docks, with its three hundred thousand inhabitants, the most contented of any South American city, more native-born, fewer poor, the healthiest city of the East Coast, clean to perfection, with compulsory education for all, and for all peace and good government."

"This capital of Uruguay is divided into three sections: Antigua, or old town; Nueva, or new town; and Novisima, or newest town. Naturally, the old town is the commercial section on the end of the peninsula, having an adequate and up-to-date system of docks, representing an investment of ten million dollars or more, along the bay inclosed by the peninsula. This bay is two miles wide, and therefore capacious enough to accommodate a large number of ocean steamers at one time. Almost all the great passenger steamers of the European lines make Montevideo direct.

"The new part contains the principal public buildings, while the newest portion stretches back among the hills. Streets in the newer sections are wider than in the old, and there are sixteen plazas in the city, of which Prado Park is the finest. This is one of the fairest gardens imaginable, with its lakes, lawns, and a great variety of trees and shrubs. It has a restaurant and other buildings; also sections fitted up for all sorts of outdoor games."

About one sixth of the buildings in the city are three or four stories in height, most of the dwellings being of only one story, constructed of native stone. Many of these have fronts of bright-colored stucco. In some parts of the city Portuguese tiles are used in the archi-

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ONE OF THE BUSY STREETS OF MONTEVIDEO, URUGUAY

tecture, and there are buildings with handsome fronts of granite or Italian marble. Most of the streets are lighted by electricity. Water is obtained from the Santa Lucia River, thirty-seven miles distant, the large reservoir being one hundred feet higher than the central square of the city. There is a good sewage system, aided by the natural situation of the city, the land sloping from the central ridge of the peninsula to the waterside.

Montevideo seems to be advanced in her care of the poor and diseased, as is shown by the commodious building in the midst of a beautiful park, provided as an almshouse for the city's poor, and by the various hospitals. A handsome building is the home of the league organized to fight the ravages of tuberculosis.

The Solis Theater covers almost two acres, and will seat two thousand people. The various buildings of the University compare favorably with those of any city. The Villa Dolorosa is said to be the most unique place in the world, for showing an abounding and indiscriminating love for animals. To quote again:

"Here was a pagoda surrounded by tropical plants, most beautifully tended, all for the benefit of one happy anteater, daily kept supplied at vast expense with his choice fare. Birds of amazing color and size sang in a great thicket of trees. The wires that kept them captive were so concealed that neither they nor we could see them. Snakes and huge serpents crawled blissfully among ferns and palms, the guarding glass roofs and sides clear to transparency. Small four-months-old lion cubs, with wide leather collars, frolicked unrestrained among the keepers, for all the world like pet puppies, and we actually patted them; no one could

help it. There was a llama living on a manufactured Andean peak, and a chimpanzee which had a keeper all to himself and his own gymnasium for play and exercise. A cemetery is one of the features. Here each of the animals which had died had his own grave and tombstone, with appropriate carvings and epitaphs." The Montevideans are proud of this patron of animals, and like to have visitors spend an afternoon at the Villa Dolorosa — as well as to visit the Solis Theater or the University.

Of course, the Argentines — and most travelers, for that matter — look upon Montevideo as a suburb of Buenos Aires; but let me tell you that manufacturers of the United States who work on this basis make a great mistake. In no country have I found a more sensitive and loyal people than in Uruguay. Every merchant there with whom I talked said, in effect: "Tell your friends in the United States to do business with us direct. Don't make us do it through Buenos Aires. We have a fine city here of nearly half a million people. It is growing every day, and we want to deal directly with you. We have a little country; but our people are justly proud."

Whoever wishes something to distinguish Uruguay from its sister republics may remember that it is the smallest of the South American States, and that it has neither mountains, nor deserts, nor antiquities, nor aboriginal Indians. Some one calls Uruguay a buffer between the larger States of Argentina and Brazil, and certainly there has been plenty of fighting in her territory. Another historian calls it the "cockpit of the southern half of the continent." From the time when it was discovered, in 1515, down to the period when the

power of Spain was permanently established on the Plata, both Spanish and Portuguese settlers had to contend with the constant hostilities of the Indians. Later it was the storm center of the Spanish and Portuguese strife for territorial control. Then came the invasion of the English, and a few years later the wars for independence.

Finally, on May 1, 1829, Uruguay achieved her independence, and set up a government of her own, as the Oriental Republic of Uruguay. Ever since the people of Uruguay became independent of Spain, fighting has been in order.

The peculiar thing about it is that with all this fighting, Uruguay has constantly prospered, and has continued to grow in wealth and population. Capital has come in freely to build railroads, and the Uruguayan five per cent. bonds average a price in the London stock market which would seem to indicate the good opinion held by European investors. Foreign trade has increased many fold since 1862. In spite of their love for fighting, the people have turned to work, and the land or cattle owner has to depend less on foreign labor than in Argentina. The population to the square mile is greater than that of any other country of South America, which, however, is not giving it a very large density figure (13.1).

Although small by the side of its neighbors, Brazil and Argentina, and the smallest of the South American republics, yet Uruguay is twice the size of Portugal, and about the size of New England with Maryland added, or, as some one has said, it could wrap in its limits North Dakota. It has a wide, almost unbroken sweep of parklike plains, with no mountains higher

than two thousand feet. It possesses a network of rivers, with seven hundred miles navigable, five hundred of which are furnished by the Uruguay and the La Plata.

The climate is mild, bordering on sub-tropical, like that of Texas or Georgia. Rainfall is unequally distributed as regards locality. There is no marked rainy season, but rain falls irregularly throughout the year, and further, varies greatly from year to year. Tropical vegetation is found in the northern provinces. The southern shore of Uruguay is becoming a popular summer resort for wealthy Argentines and Brazilians, its climate resembling that of the French Riviera, without the latter's disadvantages of sudden storms, winter frosts, and extreme summer heat.

Until recently, Uruguay was given over almost entirely to the raising of cattle and sheep, but now its future promises great things in the products of the soil. The proportion of exports was: cattle products, forty million dollars, agricultural products, two million dollars; but this is rapidly changing in favor of agriculture. Statistics show that not an acre of Uruguay's seventy-two thousand square miles is unproductive. There is no fear of either drought or frost, but so far only about three per cent. of the territory is cultivated in food stuffs.

There are millions of cattle, mules, asses, horses, sheep, and goats. An animal sanitary police has power to treat, quarantine, and destroy diseased animals and prepare live stock statistics. Jerked beef (*tasajo*) production is one of the oldest established industries of the country, and this satisfies the taste of workers in Brazil, Cuba, and Porto Rico, whither it is exported.

For further export, the frozen-beef establishments and the beef-extract factories consume much of the cattle supply. Another great staple of the live stock industry of Uruguay is that of the shearing and exportation of wool.

Millions of acres of seemingly virgin country are given over solely to sheep raising in Uruguay, so it can be said to be an important factor in the world's wool production. Local conditions and climate, together with intelligent methods of propagation, have brought about a consistent increase of the flocks of sheep, that has made the wool clip of Uruguay one of the greatest sources of wealth to the republic. To-day sheep may be broadly divided into two classes — the Spanish and the British, omitting the Asiatic breeds. The finest sheep in the world came originally from Spain, so it was most natural that the ships of the first colonists sailing from that country for America should carry numbers of these animals. That was the beginning of the wool industry of South America. While all the countries produce wool from domestic sheep, Uruguay, Argentina, and Chile lead in the matter of exports. In these three countries, the greatest care has been given to the selection and development of types that thrive best under local conditions, and no expense has been spared in searching Europe for the finest varieties.

It is interesting to note that as early as 1793, the *hacendados* (ranch owners) of Uruguay reported that there were upwards of four hundred and fifty thousand head of cattle killed annually for their hides, and that efforts should be made therefore to utilize the meat from these cattle to put cattle raising on a sounder economic basis. Artigas, the national hero of Uruguay,

was one of the first to recognize the value of such a suggestion, and in 1813 he was instrumental in forming the *Junta de Agricultura* (Agricultural Council) which had power to encourage agricultural development and to pass regulations for the subdivision of the land. A beginning was made even then of experimental farming, which later has been so wisely increased. Gradually, favorable rural legislation was passed. The Rural Association of Uruguay was organized some years ago, and out of this movement have grown experimental stations, a policy of animal sanitation, a diffusion of agricultural education, and a lasting support on the part of the government to the extension of farm life.

One good feature of the use of the land in Uruguay is the fact that the rural holdings of the country are divided among a large number of small properties. Fully three quarters of these are less than twelve hundred acres each, an extent which is looked upon as a minimum area for cattle raising. The predominance of stock raising, however, is gradually giving way to an increase of agriculture, and immigration plays its part in this development. Later arrivals into the country give more attention to small farming, so that as the cattle industry increases, the supply of grains and fodder crops will be more likely to keep up with it. There is plenty of room for both industries for some time to come.

For a long time the production of jerked beef was the leading industry, the greater portion of it being exported to Brazil, Cuba, and Porto Rico, as has been said, where it is even preferred to fresh meat because ice is not necessary to preserve it. It is quite probable, however, that as the number of cattle killed for refrig-

erator meat increases, this latter industry will lead, as the market for its product is almost unlimited. Uruguay cannot yet compare with Argentina in its output of refrigerator meat, but the process is fast being recognized as more profitable. At least one *saladero*, or salt-meat packing house, has been changed into a chilling establishment, and there are many such new establishments. Mutton, it seems, may be frozen, but beef is best when chilled down just to a preserving point, but not frozen hard.

Few people are aware that much of the beef extract on the market comes from the special establishments in Uruguay. The high grade of the available cattle makes it possible for the finest article in this line to be produced there. The factory in Fray Bentos has been called the "greatest kitchen in the world." The best of the meat is here subjected to scientific preparation, with the greatest possible care and attention to detail. There are chemists, laboratories, engineers, and authorities on technical matters, all engaged in cooking the beef so as to turn it out in the best and most acceptable form as beef extract. For their employees, the company maintains "almost a model city, providing pleasant homes, medical attendance, schools, recreation grounds, and everything for improving their physical and moral welfare. This plant, and another on the Argentine side of the Uruguay River, ten miles farther up, have their own wharves, as ships of twenty feet draught come up this far, and the products can be sent direct to all parts of the world."

As I have suggested, agriculture is on the increase in Uruguay. There is yet much land undeveloped, and as there is no fear of drouth or frost, and the land is

easily tilled, great crops are raised where the settlers have devoted themselves to this industry. The principal crop is wheat, with corn a close second. Potatoes and other vegetables are also raised, and lately the cultivation of the grape has received a considerable impetus. The raising of tobacco has also lately been undertaken in a scientific way. Good Uruguay land sells for from ten to thirty dollars an acre.

Though making no claims to being a rich mineral country, Uruguay probably has some deposits of gold, silver, lead, copper, manganese, tin, and graphite. Petroleum has also been found. Gold is the only mineral worked, and that only to a limited extent. In the southern part of the country, there are large deposits of a granitic rock useful for paving purposes, while sandstone for building purposes is obtained from a district north of the Rio Negro. Some parts of the country contain limestone. Agates and carnelians are found, as well as opals and amethysts. The agates are exported in large quantities to Germany, where they are used in the manufacture of various fancy articles. Other semi-precious stones are found in great quantities, including topazes, garnets, moonstones, cat's-eyes, and others, very fascinating to see in huge heaps in jewelers' windows. However, compared with Brazil, Peru, and Chile, the mineral deposits of Uruguay are almost nothing.

The forests, such as they are, are rich in timber useful for building and cabinet making, much of the wood being noted for beauty and durability. A number of the trees have queer names which would mean nothing to the average reader, and there are also plenty of laurel, willow, acacia, palm, poplar, cypress, and other fa-

miliar trees. A forestry survey is being carried on by the Government Division of Agriculture, and plans are under way to increase the area of wooded land. Millions of trees from all parts of the world have been planted on land otherwise of little value, and now they are sources of timber supply. The conservation of forests has also received attention, as the reckless methods of lumbering were denuding the land as in other places not so far from home.

Manufacturing enterprises are growing. In Montevideo are several flour mills and boot and shoe factories. Furniture is made in considerable quantities. Brick and tile, cement, and coke works are established, and large glass and bottle factories. Several woolen mills are in successful operation, and some cotton and linen cloths are woven. The manufacturing interests are chiefly, however, for local demand, and cannot begin to meet the market, which must depend almost altogether upon the importation of foreign goods. In regard to the cement, it is interesting to note that a local merchant just before my visit reckoned carefully the comparative cost to the consumer of the foreign and the local product. After itemizing the ocean freight, insurance, customs, handling expenses, etc., he stated that the total cost of a barrel of foreign cement in Montevideo was $3.47, and triumphantly announced that the local factory could put the same quality on the market for $3.46! This very well illustrates the close figuring and loyalty of Uruguayan people.

Railways and interior waterways furnish means of transportation, and the railways are constantly being extended. Uruguay takes second rank among the Latin-American republics in its proportion of railway

mileage to square miles of territory. About half the length of railway is under State guarantee. The short, branch-uniting Rivera station with the frontier, thus establishing international traffic with Brazil, has been finished.

The extensive river system of Uruguay provides the country with over seven hundred miles of waterways, the most important being the Plata and Uruguay rivers. On the Uruguay there are ten ports open to inter-oceanic trade — Carmelo, Nueva Palmira, Soriano, Fray Bentos, Nuevo Berlin, Casa Blanca, Paysandu, Nueva Paysandu, Salto, and Santa Rosa. On the Rio Negro is the interior port of Mercedes, and on the San Salvador River a port of the same name. Vessels of fourteen feet draft can ascend the Uruguay as far as the city of Paysandu, and vessels of nine feet draft can go farther. Fifteen other rivers are all navigable for short distances for ocean-going steamers, and for small craft into the interior of the country.

The only lake of any importance is Lake Merim, situated on the border of Brazil, and this has a regular line of steamers communicating with the different towns along its shores. Uruguay's steamship communication with other parts of the world occurs with frequency and regularity. From Montevideo, the chief port of the republic, there are, as has been said, daily steamers across the Plata to Buenos Aires, with all modern comforts, conveniences, and improvements. Up the Plata to ports in Paraguay and Brazil are available many steamers or steamer connections. Several local transportation lines along the Atlantic coast to Brazilian ports make frequent departures and arrivals, and all the transatlantic steamship lines, after leav-

ing Montevideo, touch at Santos, Rio de Janeiro, and Bahia before proceeding to Europe. There are now more than twenty-four of these lines, representing practically all nations of Europe having a foreign commerce. It is interesting to see, in the harbor of Montevideo, British, French, Spanish, German, Austrian, Dutch, Belgian, and other flags, but one misses the Stars and Stripes. The steamers of the companies registered under these flags are modern, luxurious, and convenient. On the average a first-class steamer leaves Montevideo for Europe every two or three days. For New York there is only a weekly service, but once a fortnight a through steamer is scheduled between these ports without change.

Education, as in all these South American countries, is inadequate, but facilities are constantly increasing. Primary education is obligatory in Uruguay. In 1912, with an estimated population of one million one hundred thousand, there were in the republic about nine hundred and fifty public schools with an attendance of nearly three hundred thousand pupils. There are government normal schools for males and females, schools of arts and crafts, and a military college. The capital city has a fine university, with departments of law, the sciences, medicine, mathematics, agriculture, and commerce.

The country became a republic in 1830, and the constitution promulgated in July of that year is in force. The Senate and House of Representatives compose the General Assembly, in which all legislative power is vested, and meet annually from February 15 to June 15. Representatives, the number of whom varies with the population, are elected directly by popular vote in

the proportion of one for every three thousand inhabitants or fraction exceeding two thousand, and for a term of three years. The Senate consists of nineteen members, one for each department, who are elected indirectly for a term of six years. This body is renewed by thirds every two years. Every citizen over twenty years of age, who is physically and mentally able to do so, and is registered, is entitled to vote. During recess, a permanent committee, composed of two senators and five representatives, takes the place of Congress, their duty being to assist and advise the President on all matters legislative, and to act for the General Assembly.

The President is chosen by the General Assembly for a term of four years, and may not be reëlected for the term immediately following his own. There is no Vice-president, so that the presiding officer of the Senate takes the place of the President, in case of his death or disability. There are now seven Cabinet departments, with an officer at the head of each. These ministers are appointed by the President, but are responsible both to the President and to the Congress, or General Assembly.

To sum up, Uruguay has all the material conditions for prosperity and happiness, an abundance of good land, a temperate and genial climate, waterways for traffic provided in her rivers, and artificial iron highways on land, supplied by enterprising British capitalists. What is to be said of her inhabitants? Until recent years they were almost entirely of Spanish stock. The warlike Indians have been killed off. Although a few negroes are to be found along the Brazilian frontier, yet the great majority of the people are of European stock. Of late years a steady stream of immigrants has

come from Italy, though not in such numbers as to Argentina. A smaller number comes from Spain, including, fortunately, many industrious Basques. Many English and Germans are in business in the cities.

Probably a fifth of the population are of foreign birth, which is not a large proportion when compared with the foreign-born population of either Massachusetts or Rhode Island. The Uruguayan of the present day is, then, a colonial Spaniard, modified by the conditions of his life during the past ninety years. He likes the country, and is strong, active, and lawless, like the Guacho of Argentina. Having settled down now to a more quiet way of living, he still retains something of these breezy, audacious, yet frank and generous qualities. He is intensely proud of his country, and Englishmen and Germans settled in Montevideo say he is a good fellow.

There is less wealth and ostentation in Montevideo than in Buenos Aires, and the residents of the latter city like to come over to this Uruguayan capital for "rest and soul expansion among the leisurely and dignified Montevideans." The Montevideans do not resent this suggestion, because, though the city seems restful, it does not seem dead. Some of the homes, especially on the outskirts of the cities, are gems of old Spanish architecture.

The commercial traveler, or the student of this region of La Plata, must realize that a great immigration movement is under way, and that this movement will increase until all these empty spaces are filled as our own northwest has been filled with settlers and homemakers. He must also recognize the fact that with better governments and with statesmen increasingly

interested in material and industrial conditions, these countries are growing, just as our own country grew. This fact should be driven home to every manufacturer or commercial association looking eagerly toward the South American markets. These countries call for just those supplies which our own country needed for success in conquering the wilderness. We already know, or ought to know, what the people under such conditions want. We ought to be the first to satisfy their wants.

But we must not be in a hurry. The man who looks at South America with an eye for immediate profit and no more, might better stay at home. He must be willing to work for the establishment of a reputation for his goods and be determined to stick for at least five years. The lack of direct trade facilities with the United States will continue to be a great drawback to selling goods in any South American country. The customer may say to you: "We would like to trade with you, for we like Yankee-made goods, but how can trade be kept up when there is not better regular steamer service between the United States and our shores? We have good and cheap transportation facilities to Europe. When we buy there, we know that our purchases will arrive within a reasonable time after the order is given; but when we buy from the United States, we cannot tell within six months when our goods may arrive." North Americans also have much to learn in the line of careful packing of goods which may have to be discharged from lighters, and perhaps continue their journey on mule back.

Some one has well asked:

"How many of us, who have taken great pride in

that vastly esteemed policy of ours known as the Monroe Doctrine, have stopped to speculate as to how the other parties concerned may feel? How many of us have studied as to the feeling toward us existing in the minds of the South Americans? Just how do we stand with the trade of South America?"

Perhaps here, in a discussion of Uruguay, as well as at any other time, it is appropriate to give the answer. We have had a share in the South American trade, but this is not owing to our brilliancy. Europe captured the cream, for, although no less arrogant in their pride than are we, the English and Germans are less stubborn. They are more willing to set aside personal feeling, and concede something to the personality of their prospective customers. It is undoubtedly true that the American exporter is merely tolerated in South America, that he enjoys no favor through a feeling of kinship, nor indeed through anything that he has done for South America. He must, therefore, make great efforts to ingratiate himself with his customers and to overcome this long-standing prejudice on their part.

Then again, in calling ourselves Americans, we offend the delicate sensibilities of the South Americans, because they argue, and rightly, that that name is no more peculiar to us than to them, or indeed, to the people of Canada or Mexico, who, by the way, have the same feeling about it. The business man seeking trade in these southern republics should therefore avoid using this name for himself, as it certainly raises against him at once a strong prejudice. If he fails to observe this very essential point, he places himself on a par with that manufacturer and exporter of gas engines who was eager to get his goods into the markets of the

United States of Brazil. It is an old story, but will bear repetition. Not knowing, or at least not heeding, the fact that foreign exporters sent business diplomats, not ordinary drummers, to South America, he thought to accomplish his purpose through the mail. He therefore prepared a very elaborate and profusely illustrated catalogue, which, thinking to pay his prospective customers a delicate compliment, he had printed in Spanish. As the native tongue of the Brazilians is Portuguese and an acute jealousy exists toward anything Castilian, this was hardly a tactful move. If you cannot speak Portuguese when in Brazil, better speak English or French, as they seem to resent Spanish.

In spite of the fact that Spanish is no more a strange tongue to us than it is to the British and Germans who have so far distanced us in the race for South American trade, the Europeans have gained their advantage by their adaptability in dealing with those of another tongue. They have been willing to study Spanish and Portuguese, while we have insisted that our South American neighbors should communicate with us in our own language. Our reward is this. When South America wants money it does not turn to its would-be Big Brother, but to its French, English, or German friend, who very willingly and promptly mortgages all Little Brother's resources. These European friends also exact a good tribute from Big Brother, when he tries to do a little trading, because they are in control of the mediums of exchange.

Europe is nearer to South America than is the United States, and this tends to cause the Argentines, Brazilians, and Uruguayans to look upon *us* as strangers rather than the Europeans. In sailing from New

York to any South American port, it is necessary, in order to take advantage of the trade winds, almost to come in sight of the Canary Islands, and even in steaming down, Cape St. Roque, much farther east than New York, must be rounded. Few people realize that New York is straight north of the *western* coast of South America, and that the latter is really southeast, rather than south, of North America. Therefore a steamer voyage from Montevideo to most European ports is no longer than to New York, and to Lisbon is much shorter.

Naturally, then, the luxury-loving descendants of the Spanish greatly prefer to go to London, Paris, or Lisbon, and hence know the people of these European cities better than they know the people of New York. Once there, the shopkeepers of these places make it their business to see that these customers have no loose change to spend, if they should later come across to New York. Some one has well expressed it thus: "Europe occupies a corner site at the intersection of busy streets in the market place of the world, and its barkers are always in good voice; while Uncle Sam's little shop is up a side alley, and he pipes his wares in a feeble treble."

There is yet another important fact which determines the attitude of the South Americans toward us. Europe has never, to put it mildly, tried to have us stand well in the estimation of South America. Rarely will you see in a South American newspaper a news report of any great or worthy achievement in the United States, whether in the line of history, science, philanthropy, or literature. But when it comes to anything in the line of scandal, a bank defalcation, a

political disgrace, or something derogatory to the government or people of the United States, long dispatches about it will reach the South American press.

When, therefore, our business man goes scouting for South American trade, he must face these conditions, and govern himself accordingly. He must realize that he will be received as a stranger, not as a friend; that he will have to live down preconceived unfavorable opinions against him. He must be patient and tactful in trying to emphasize, by his manner and treatment of the South Americans, the fact that these prejudices of theirs are unjust. Moreover, all of us should make clear that the Monroe Doctrine is, on our part, not a condescension to inferiors, whom we design to take possession of, but only the indication of our sincere friendship and confidence toward equals, whom we would have as friends and comrades. Such an attitude is especially important when dealing with the people of a little country like Uruguay.

Uruguay does not ask for our sympathy. It is almost in Argentina's class — absolutely independent. Uruguay has every natural advantage that Argentina has, and perhaps a more industrious and frugal people. I am fond of the Uruguayans and believe that considering the size of their country, their future is very bright. They have the Holland of South America.

I also believe that Uruguay's future is to be prosperous because her people are progressive and stand for equal opportunities for one another. In social movements and in the separation of church and State, Uruguay is the most advanced of all Latin-American countries. To my mind this is greatly in its favor.

CHAPTER XVII

Brazil

Argentina is at present the strongest of the Latin-American countries, but it is not the largest nor the richest in natural resources, for in both these regards Brazil leads. When our bankers study the extent, fertility, minerals, water powers, and other natural assets of South America, they must treat with great respect Brazil's plea for more credit.

In some ways studying South America is like studying astronomy. Astronomical distances are inconceivable. South American distances are overwhelming. This fact not only applies to the continent as a whole, but to the separate countries as well, especially to the United States of Brazil, which is of itself integrally greater, physically richer, and even more beautiful than the United States of America! Think of any writer trying to cover the United States of America in one article of three thousand words! Yet I have known editors to return splendid manuscripts on parts of Brazil, "because the country was described in a previous number!"

Manufacturers must appreciate these facts and not permit the same man to cover Brazil who "covers" the rest of South America. This great southern continent can provide work for four good salesmen, but by all means every live house should have three: one

for Argentina, one for the West Coast, and one for Brazil. It is also a mistake to give all of Brazil to any one agency. Continually keep in mind that Brazil is larger than all of our forty-eight States combined, with much more varied climates and needs. Besides, most of its twenty-one States have little governments of their own, with separate ports, tariffs, and other regulations. But aside from these things, there are the vastness, wealth, and beauty of Brazil, which few seem to realize.

The journey from Rio Grande do Sul, the most southerly port of Brazil, to Para, the most northerly port, takes nearly ten days on an average steamer, without making a stop. This means that Para is halfway between Brazil's southern port and New York City! Even the railroad trip from Montevideo to Rio Janeiro, covering the southern portion of Brazil, is over a thousand miles long, or nearly the distance from New York to Minneapolis, or from Chicago to New Orleans. Yet this road covers only the temperate and southern portion of Brazil, about which we have been taught little or nothing.

If you look at an outline map of South America with the boundaries of only Brazil marked, you will notice that this country is like a South America within a South America, so nearly does its shape approach that of the continent. The coast line is, of course, identical, and the western projection and pointed southern part are very similar. Brazil occupies one half of the continent, its area being equal to that of our forty-eight States with four additional New York States added. Brazil is nearly one hundred times as large as Portugal, its mother country. In round figures, Brazil has a coast

line of five thousand miles, and a land frontier of ten thousand miles. The coast is equivalent in length to that connecting New Orleans and the northern extremity of Labrador. Every section of this great land has money-making possibilities.

A comparison of population, however, tells a different story. A suggestive contrast is found by placing India, which lies on almost the opposite side of the globe, in comparison with Brazil, for each is in its way a typical representative of Old and New World conditions. Were Brazil as densely populated as India, it would carry five hundred and sixty-one million people in place of the estimated twenty-four million now resident. A curious feature of Brazil is that with its immense area and small population, it is hampered in its development by the untamed and almost impenetrable luxuriance of vegetation! This vegetation is so rank that the small population cannot keep it under control, and wide stretches of the country are accessible only by the aid of the natural highways of the great river systems. In Brazil not one fiftieth of the land has been subject to the care or cultivation of man. Hence I say its money-making opportunities are unexcelled.

Brazil possesses the most remarkable system of water highways in the world, which will some day be valuable for transportation, irrigation, and water power. These rivers are almost as important as is the vast extent of territory possessed by the republic. Try to imagine a river more than thirty-four hundred miles in length, with its source in the Peruvian Andes, sixteen hundred feet above the level of the sea, with vast tributaries, themselves from one to two thou-

sand miles long, draining a territory two thirds as large as our United States! This region is so rich and fertile that the great scientist Von Humboldt said of it: "It is here that one day, sooner or later, will concentrate the civilization of the globe." This Amazon River is a mile and a half wide at its last Brazilian port on the west, broadens until it attains a width of one hundred and fifty miles at its northern mouth alone, and discharges into the Atlantic a volume of water more than four times as great as the outpour of the Mississippi. It is navigable, and is now actually being navigated by ocean liners for two thousand miles, clear across Brazil from the Atlantic Ocean to Iquitos in Peru, a Pacific coast country. This river is not attractive to me; but it offers great opportunities for money making to the man with courage and a sound physique.

As to the natural divisions and general resources of this country, it may be said that the whole southeastern part from latitude 5° south to latitude 30° south is mountainous or undulating, with here and there wide valleys, valuable for cultivation, pasture, or timber, and containing mineral wealth. The northwestern part and the whole plain of the Amazon are quite flat, most of the latter being a forest wilderness. Along the north coast there are a few arid districts, but nowhere such deserts as cover so large a space in the countries of the Andes. The only parts which are as yet even comparatively well peopled are the coast strip and its fertile valleys, the most southern States, and the State of Minas Geraes, a name which signifies "General Mines," from its industry. This State offers great money-making opportunities in mining.

As to the people of this great republic, the true

Brazilian white nation can hardly be reckoned at more than eight million, a very small part of the twenty-four million given in the latest reports as the population. The rest of the inhabitants are Indians, pure blacks, and half-breeds. The early settlers came without families and intermarried "freely and frequently" with the Indians, and later with the negroes, who began to be imported as slaves in 1600. To these mixed races may be attributed in part the "full share of armed risings and civil wars" which Brazil has to record in her history.

To the southern part in particular many Europeans have flocked, as there they can work, thrive, and be happy. In southern Brazil are many Germans, while the labor on the great coffee estates is almost entirely Italian. There are of course many Portuguese, some English, and a few North Americans. The afflux of Syrians — mostly traveling pedlers or small dealers as in our own country — that has come to South America and the West Indies during the past few years is "a new and curious feature in the currents of ethnic movements that mark our time."

The climate of this great country is of course varied according to location. When I went to school, the geographies stated that ninety-three per cent. of Brazil lies within the tropics, the remaining seven per cent. being in the extreme southern part. I was told nothing about the high table-lands that give to a large part of Brazil a temperate climate. Yet Brazil has a great plateau area, and the climate of these plateaus is delightful, the sun's heat being tempered by the elevation. In southern Brazil and the middle Amazon valley, seasons are fairly well marked, being, of course, the

reverse of those in the United States. In other parts of the country, the only recognized seasons are a wet and a dry. Owing to the influence of the trade winds, the whole of Brazil is subject to heavy rainfall, precipitation increasing as the interior is approached where the moist trade winds strike the plateaus. Nearer the equator the division into a wet and dry season is not so marked. Para holds the banner for precipitation, with one hundred and twenty inches annually in two hundred and ninety-one days of rain, three fourths of the rainfall being in the months from January to June.

Yet this very excess of heat and moisture causes such a wonderful vegetable growth as is found in scarcely any other part of the world, a growth which will some day yield great money profits to exploiters. Every inch of the ground is covered with some living and growing plant. Vines festoon the branches of trees, and ferns and mosses cover fallen logs. After a patch of woodland has been cut down to the very ground, in six years the soil will be so covered with a growth of trees and shrubs that the spot can hardly be distinguished from the rest of the forest. This has been the case in the giving up of some of the great coffee plantations. An immense variety of vegetable life is also found. Within a radius of a few yards may be seen twenty kinds of trees growing side by side. Certainly it seems the height of inefficiency for man to waste so much time and energy in cultivating the northern temperate regions, when such a rich fertile area is lying absolutely idle.

But the effect of the climate on the people is well illustrated by the following statement of one of my friends in Bahia:

"It is all very well to talk about the great opportunities of the tropics. Some day they may exist, but not to-day. The warm, humid climate of northern Brazil takes the ambition out of people. Even when a good active Yankee comes down here, he soon becomes as lazy as the rest of us. It is a mistake for you North Americans to try to do much here — especially those of you who are light-complexioned and who do not tan.

"The difference between the climatic effects of northern and southern Brazil has been well illustrated to me during the past thirty days. I was in São Paulo and I saw a very little boy come into town on a great horse bareback. Just before reaching the city, he dropped his whip. As I saw him dismount, I wondered how he would ever get back on again. I ordered my chauffeur to stop while I watched. The little boy picked up the whip and looked about. There was not a stone nor a stump anywhere. Only prairies could be seen in every direction. Was he stuck? Not much! He simply shinned up one of the horse's front legs as one would shin a pole, grabbing the horse's mane to help himself along. In less than a minute he was on the animal's back.

"Contrasting with this, I employed a big boy in northern Brazil who waited for an hour alongside of the road for some one to come along to help him on a smaller horse. There is certainly something about the climate here in the tropics which takes the ginger out of all of us. Did you ever hear of a great inventor, artist, writer, or any other man of real note who did his work in the tropics?"

The forests produce many valuable trees, such as rosewood, satinwood, cedar, and mahogany. A most

useful tree is called the carnahuba. "Its roots are possessed of the same medicinal properties as sarsaparilla; it yields a large quantity of lumber for building purposes; from the leaves is obtained a wax from which candles are made; and the straw is used in the manufacture of hats, brooms, mats, and thatching. The fruit of this tree is food for cattle; the nut is sometimes used as a substitute for coffee, and the pith of the stem answers the purpose of cork. From various parts of the tree are obtained vinegar, wine, salt, an alkali used in making soap, flour, a liquid resembling the milk of the cocoanut, a starch similar to sago, and a saccharine substance; musical instruments and pumps are made from the wood of the stem!" If this sounds like a fairy story, the reader is referred to the impartial and ultra-authentic *Foreign Commercial Guide to South America.*

Brazil is the country of tonka beans, arrowroot, ginger, black pepper, balsam, tapioca, gum copal, indigo, and Brazil nuts, all growing wild, not to mention the greatest product, rubber. The trees producing rubber are not usually found in groves, but are scattered singly in the forest, sometimes not more than one hundred or one hundred and fifty trees in a section of about one hundred acres, which is as much territory as one man can attend to. Through these sections run paths called *estradas*, leading from one tree to another. The rubber gatherer sets out in the morning and makes several incisions from four to six inches apart around each tree. Under these he hangs tins to catch the sap. His round of three or four miles may take him half a day, and he may begin the gathering after noon. He collects the fluid called *latex* in a pail, obtaining eight or ten quarts in all, which will probably produce

as many pounds of rubber. This latex must be smoked over a wood fire and coagulated on a sort of ladle twirled over the smoke. Fresh coats are added as one dries, until a lump is formed weighing anywhere from five to a hundred pounds. The great lumps, or balls, of rubber are collected and taken to the nearest river bank, where they are carried down to some port for export, probably Para. Some trees are cut down and all the sap removed, but this waste is now being reduced to some extent, by forest conservation.

The man who does this work probably works for a contractor who employs several hundreds, and the stories of the atrocities committed by these contractors, who have compelled the defenceless Indians to work for them without pay and have inflicted all sorts of tortures upon them and their families, rival those of the worst savages in any country. Though these cruelties have been lessened for the time being, constant vigilance must be exercised to prevent these supposedly civilized men from allowing their greed and inhumanity to control their intercourse with their workmen, supposedly uncivilized.

Rubber was first utilized by the natives of America as a waterproof covering for clothing, boats, and for a kind of bottle. The earliest word applied to rubber is *caucho*, from which comes the corruption caoutchouc. When the Brazilian speaks of *borracha*, he refers especially to the product of the hevea, the tree giving the finest quality. This is a large tree, growing slowly and living long. It is found in the valley of the Amazon and the surrounding States. It sometimes reaches twelve feet in circumference, and requires low-lying, rich soil, and abundant moisture. It is well

adapted to cultivation, having been planted in the East Indian Islands with success.

Manihot produces the ceara rubber of commerce, but it grows in a high, stony, and arid country. This is also native to Brazil, but in the region south of the Amazon. The best known rubber producer, next to hevea, is *castilloa*, and though found in Peru and elsewhere south of the equator, it is most common in Central America and southern Mexico. Other trees, shrubs, and vines yield rubber, one especially being the *guayule*, a shrub from which is obtained a pure product that can be used for every purpose. The rubber trees which I saw were not over a foot in diameter and very scattered. In fact, all the forest trees are much smaller than I expected.

Technically it is not correct to call this juice sap, as it plays a different part than sap. It is rather the cream from the juice, the milk or latex of all these trees. It has an exact chemical formula, $C_{10}H_{16}$; it is a whitish solid, opaque, and forms a gelatinous mass with ethers and the coal-tar oils. It will also melt and burn. To produce the rubber of commerce with which we are familiar, it is mixed with sulphur in certain proportions. About fifty per cent. of the world's supply of rubber now comes from Brazil; but this percentage is constantly decreasing.

From my studies in Brazil, it seems to me that the days of high rubber prices are permanently over. Not only are rubber plantations being set out all over the world, but many experiments are being made to obtain rubber from a kind of cane or corn stalk which can be planted every year. This would be cut by machinery, the juice being pressed out as from sugar-cane or corn

stalks. In my opinion, the day is coming when these experiments will be successful, and rubber should then sell for about ten cents a pound. I do not recommend raising rubber as a money-making venture.

With its great extent of territory and wonderfully uniform distribution of rainfall, it is no wonder that agriculture holds first place in the industries of Brazil, though, as I have said, probably not one fiftieth of the area has yet come under systematic cultivation. Having one of the greatest tropical areas in the world, an extensive sub-tropical plateau section, and fertile temperate regions in the southern States, Brazil has naturally depended upon the products of field and forest for money making. Even one hundred years ago, the sugar of the north and the cattle of the south were known abroad, and Brazil has from earliest times been self-supporting, as far as the necessities of life are concerned. At present, coffee and rubber are the great export staples of Brazil, while other products entering the market are rice, cotton, sugar, tobacco, Paraguay tea, mandioca, and cacao.

A natural coffee plant is a shrub from fourteen to eighteen feet high, having no branches on the lower part of its long, slender trunk. A great coffee plantation in full flower is a very beautiful sight. The trees cover the hills and plateaus and the perfume is strong though delicate. The trees blossom most profusely in October, but continue to flower more or less for several months. The crop is harvested in May or June, each tree yielding four pounds or more of coffee. Coffee-picking time occupies every available person on the plantation, every other work being dropped until the harvest is finished. Brazil produces three fourths of

the world's supply of coffee, and the State of São Paulo now furnishes one half of Brazil's production.

The story goes that a Portuguese settler first planted a bush in Rio de Janeiro in 1760, and from that have come the millions of trees and such a wealth of production that in 1903 the government restricted the planting of new trees, because the supply was greater than the demand. The coffee crop now averages about eighteen million bags of sixty kilos each per year, or about two billion five hundred million pounds. Hence the price of coffee is now the best barometer of Brazil's prosperity.

Mandioca is another of the great products of Brazil which offers opportunities for money making. It is the food of the natives, as corn was the food of the North American Indians. The early discoverers were told that supernatural instruction had been given the simple natives in the preparation of this root. In its raw state, mandioca is frequently a deadly poison, and always an irritant, but when properly prepared, it becomes a highly nourishing food. It is greatly esteemed by Brazilians of all classes, and is the staple for bread all through the country. The plant is universally grown, and the best planting season is from June to September. It takes from eight months to two years for the root to reach its growth, depending on soil and climate. It must be treated with great care in order to change the poisonous starchy contents into healthy, edible starch, and the natives seem to be very skillful in accomplishing this result. The work must all be done the same day, including gathering the tubers, washing and grating them, pressing out the water, and roasting what is grated, to make the mandioca flour. Some en-

terprising "breakfast food" man will some day exploit mandioca in our country and make a fortune therefrom.

The cotton and sugar plantations received a setback when slavery was abolished in 1888; but they are now prospering again. It is by black labor that these products are raised to-day, but such labor is not very dependable. The blacks are contented with working just enough to provide themselves with the actual necessaries of life. In this industry it is certainly true, as is said of South America as a whole, "there is no problem of the unemployed." In considering especially the world's supply of cotton, and the interest which is now being directed by the Brazilian Government to sections where cotton is grown on trees, it may be news to some readers to know that Brazil has two species of cotton-bearing trees that merit attention. The first, known as the *barragunda,* has a barrel-shaped trunk and reaches from twenty-five to thirty-five feet in height; the second, or *imbirussa,* which produces a kind of brownish cotton, is regarded as a finer grade. Both species are indigenous to the country and grow wild. I think that cotton growing may present an opportunity for making money in Brazil.

Minas Geraes, the center of the mining industry, and larger than the republic of France, is the most densely populated of all these Brazilian states. Its capital, Bello Horizonte, is unique in that it was built to order only a few years ago on a previously unoccupied site. Its government buildings alone cost thirty million dollars. Of the State of Minas Geraes, Marie Robinson Wright (the accomplished traveler and brilliant writer who has lately died) said: "Of all the fabulous tales related of bonanza places, the palm for extrava-

gance belongs to the history of the early mining days in Brazil, when horses were shod with gold, when lawyers supported their pleadings before judges with gifts of what appeared at first sight to be the choicest oranges and bananas, but proved to be solid gold imitations, when guests were entertained at dinner by the discovery of gold pebbles instead of grains of corn, when nuggets were the most convenient means of exchange in the money market." An English authority has estimated that the total output up to recent years was two hundred million pounds sterling. With the gradual exhaustion of the surface deposits and the impossibility of continuing by primitive methods, however, mining has been more and more neglected. At present, modern methods and machinery are once more bringing the industry into prominence, and a considerable amount of gold is again being taken out by the few companies that have already installed up-to-date plants. This State also possesses immense deposits of iron ore which are likely soon to be worked.

The official reports enumerate over twenty minerals and stones found in Brazil, which offer opportunities for money making. The diamond mines of the region of Diamantina were discovered in 1729. There are some romantic stories told of these early discoveries. The Regent diamond, weighing nearly an ounce, found by three convicts, is said to have secured their pardon. The Estrella do Sul, now belonging to the Rajah of Baroda, India, picked up by a slave who gave it for his freedom, was the highest ransom ever paid for liberty. When uncut it weighed two hundred and fifty carats, and about half that when cut, its value being fifteen million dollars. For many years, until the South

African mines came into competition, this region was the chief source of the world's supply. Black diamonds are found, also amethysts, tourmalines, topazes, and stones of less value.

The stock-raising industry of the country has long been firmly established, and is steadily advancing. In the State of Rio Grande do Sul, cattle have been grown and killed for their meat and hides, and considerable amounts exported. In the States of Minas Geraes, São Paulo, and Rio de Janeiro, this industry is progressing rapidly, and to it is added dairying, which until a few years ago was considered unimportant. As better facilities are provided for such work and for shipping, the south of Brazil will surely take a still larger share in foreign trade. Many claim that cattle raising offers to-day the best opportunity for money making of any industry in Brazil. In the city of São Paulo, a packing plant of latest efficiency has been opened, and more are contemplated.

A country so largely agricultural in its interests would not be expected to have great manufactures, but Brazil has made a beginning in some plants, especially for making her own products into goods. The first textile mill was started in Brazil only twenty years ago, but since then, on account of better machinery and increased facility of transportation, the industry has grown remarkably, perhaps making greater progress than any other. Five of the larger cotton mills in the federal district of Rio de Janeiro employ ten thousand operatives, and have an output of about eighty million yards a year. Four mills in Petropolis manufacture an average of twenty million yards, while the mills in São Paulo produce about one hundred million yards. As the

stock in these companies yields a good profit on the investment, protected by Brazil's high tariffs, there is yet possibility for future extension of the industry.

There are several large shoe factories in São Paulo and Rio de Janeiro, and lately the tanneries of Rio Grande do Sul have been turning out leather in good qualities and many grades, comparing favorably with that imported from abroad. In the district of Rio de Janeiro, the Tramway, Light, and Power Company of that city has been obliged to enlarge its plant to over eighty thousand horse power to meet the increasing demand for electric power on account of the establishment of new factories and the enlargement of old ones.

In addition to the flour mills, shoe, shirt, collar, stocking factories, etc., already established, may be mentioned among new industries a plant for the manufacture of hydrogen gas to be used in welding and cutting iron; a railway car assembling works; a fiber plant; steam laundry, etc.

São Paulo ranks near to Rio de Janeiro in industrial importance. Besides the manufacture of sugar, alcohol, jute, beer, chemicals, hats, paper, matches, leather, shoes, and furniture, there have lately been started lace and silk factories in the State. The old power plant of the São Paulo Tramway, Light, and Power Company has a capacity of thirty-two thousand horse power, and a new plant of sixty-two thousand five hundred horse power has lately been built by the company at Sorocabo, São Paulo, for the supply of additional power to São Paulo city and other cities and towns.

In the State of Parana, the lumber industry, while still in its infancy, is making great progress. Its annual production will soon be increased by the growing

output of the two large sawmills recently built, which are equipped with the most modern American machinery. They are cutting Parana pine and sending the product to other parts of the country and to Argentina. Cedar for cigar boxes is also being shipped from this State to Rio de Janeiro and Bahia.

Doubtless the manufacture of cotton goods, shoes, and a few other things is natural and has come to stay. I cannot help feeling, however, that Brazil is sure to witness a tariff revision from which many manufacturers of miscellaneous goods will suffer. Hence I am not so enthusiastic over Brazil's manufacturing possibilities as over her agricultural, pastoral, and mining opportunities.

The many harbors on the coast of Brazil afford great opportunities for trade. Some of these are rendered dangerous by shifting sand bars and coral reefs, but improvements are constantly being made. A peculiar feature on the southern coast is the chain of lakes and lagoons lying parallel to the coast line. In some of these the water is fresh, in others brackish; some are entirely closed, others connected with each other by small creeks; a few have narrow outlets to the ocean, perhaps disappearing in the dry season. Enlarged and deepened, these lakes might form ideally safe harbors for vessels engaged in the trade of the world. In the early part of 1913, Brazil felt a severe financial, industrial, and commercial setback, and the economic prosperity enjoyed during four years previous was temporarily checked. The drop in coffee and rubber, the two mainstays of the country's source of wealth, occurred at the same time as her reduced imports and customs revenue. Conditions, however, have since improved.

Not only does a decline in the price of coffee and rubber give the Brazilians less money, but they then spend less on imports, which greatly reduces the income of the federal government. As I have suggested, the government is considering the revision of the present high protective tariff which imposes rates as high as three hundred per cent., excluding many articles not manufactured in Brazil, and a readjustment of certain schedules is advocated, in order to make the tariff scientific, and to reduce duties generally in order to collect more revenue. This proceeding would at the same time benefit the people by reducing the enormous cost of living in Brazil.

A Portuguese navigator discovered Brazil, landing in 1500 not far from the present site of Bahia. By 1549 the country had become known as Brazil, from the red dyewood which its forests produced, and which had before this time been brought from the East and known as "Brazil wood." The Portuguese Crown claimed the country and divided it among nobles, who received a number of Indian slaves in addition to grants of land, and who were to settle and colonize. The first Jesuits who came obtained complete control over the Indians, and in order to prevent these aborigines from being sold into slavery, recommended and encouraged the importation of slaves from Africa. Up to 1640, French, Dutch, and British attempted to gain a foothold in Brazil. The Dutch in 1631 took possession of Pernambuco, and extended their power over a large territory in that region; but in 1648 they were finally forced to abandon the country.

Rio de Janeiro was made the capital, when, in 1640, Brazil became a viceroyalty. As a result of Napoleon's

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AVENIDA DO RIO BRANCO, THE MAIN STREET OF RIO DE JANEIRO.
Note the inlaid sidewalk

invasions of Portugal and Spain, early in the nineteenth century, the Portuguese King John came to Brazil. He brought his family and court, and opened the ports of the country to the commerce of the world. In 1908 the centennial of this beginning of commerce was celebrated in Rio de Janeiro by an exhibition of Brazilian products. In the fifteen years of King John's stay, he established schools and promoted the interests of the colony in many ways. On his return to Portugal, in 1821, he left his eldest son, Dom Pedro, as regent. This son being in sympathy with the movement for independence from Portugal, the following year proclaimed Brazil independent, and was himself crowned as emperor. Under his rule the country prospered, and nine years after he abdicated the throne in favor of his infant son. A regency governed the country until this young son attained his majority, when he was crowned as Dom Pedro II. In 1889 the people of Brazil resolved to change their government from a monarchy to a republic, and this was accomplished peacefully and the republic proclaimed November 15, 1889. In 1893, there was a revolution which was checked by the United States, the blockade of the harbors being broken by our navy.

A constitution was adopted in 1891, making the republic a federal union of States. The government, modeled after ours, is divided into the same three branches. The legislative department consists of the National Congress, composed of the Senate and Chamber of Deputies. The Senate numbers sixty-three, three for each State and three for the federal district, elected by direct vote for nine years, but renewed by thirds every third year. The members of the Chamber of Deputies are elected

also by popular vote, for a term of three years, and in the proportion of one to every seventy thousand inhabitants. Each State, however, must have no fewer than four deputies. Congress meets regularly every May for four months, but may be called in extra session or prorogued by the President. All male citizens over twenty-one years of age are entitled to vote.

In discussing the various South American governments, I have suggested that the requirements for voting have no relation to the number of people who actually cast a ballot. The attitude of the Brazilians on this matter is well illustrated by the following statement of one of my acquaintances in Rio de Janeiro:

"You ask why we do not bother to vote? Let me answer by explaining that politics is a profession down here which we business men let alone. Were we in politics and wanted an office, we would vote early and often; but why vote unless one wants an office? You would not expect to butt in on a consultation of doctors? As long as things are satisfactory to us — why vote? One only makes enemies by voting.

"You people in the United States think that any one can be a politician. You all think that you are experts on every subject. Your voters are now asking for the referendum and recall. How stupid! Of course our countries are not true republics, and we have much to learn about good government, but we are not so stupid as are your people. We know enough not to jump from the frying-pan into the fire. We believe that every one should have a right to vote, but that none should exercise it excepting in emergencies."

The executive power is vested in a President, with a cabinet of seven ministers appointed by him, and re-

sponsible to him only. The President and Vice-president are elected by direct vote for a term of four years, and may not be reëlected for the term immediately following their own.

Directly after the country became independent from Europe, the government issued a decree allowing any one to establish private schools. By the present constitution, Congress has power to develop literature, arts, and sciences, but instruction must be secular if carried on in public institutions. The public-school system is receiving great attention in all States, and in some of them primary education is compulsory. To aid industrial education, the government will help a State government, city, or private school which reaches a certain standard.

Though there are no universities, as we understand the word, yet there are excellent art and technical schools maintained by the government, and several of the larger cities have very good faculties for law, medicine, and engineering. Rio de Janeiro and Bahia have celebrated medical schools; Pernambuco, Bahia, and São Paulo fine law schools; and Ouro Preto boasts a classical mining school. The aggregate of educational institutions is more than thirteen thousand, with an attendance of about seven hundred and fifty thousand, this not including the various agricultural colleges.

January 1, 1914, the total extent of railways in Brazil was 15,272 miles, as follows:

	Miles
Federal lines	2,188
Private lines	5,727
Leased lines	3,454
State lines	3,903
Total	15,272

Originally, railways in Brazil were established for the purpose of communication between the interior contributing territory and the coast distributing points. Pernambuco is the focus of one system, Bahia of another, Rio de Janeiro of a third, São Paulo and Santos of a fourth, serving the coffee region, and Rio Grande do Sul, of a fifth system. Realizing the importance of connecting these systems by interior railways, both for purposes of communication and to encourage internal settlement and trade, the government has built certain connecting roads. To-day it is possible to travel by rail between Rio de Janeiro and Montevideo, a distance of 1,967 miles. All the larger cities have street railways, many of which are electric lines. Enormous power for electrical purposes exists in the many streams of the country, and it is proposed to electrify certain parts of the railway lines now in operation.

In connection with the railway problem, I want to introduce the following remarks of a man in Rio de Janeiro, which illustrate a financial mistake that we have made in South America. He said:

"You North Americans have been foolish in representing yourselves to have more money than you really have. In fact, most of your financial operations in South America have been stupid. You are too anxious for quick profits. You are more interested in selling out than in standing by and working your properties. Even the valuable traction, light, and power properties which you have here may some day suffer from the huge capitalization which you have given them.

"Do you know that even the natives refer to the street cars as 'bonds' instead of 'trains'? Ask the native when the next train or street car is due and he may not

understand you, but ask him when the next bond is due, and he will answer at once. This is owing, I suppose, to the fact that they have heard the North Americans down here talk more about the securities than about the track or cars. I strongly advise you to cease talking so much about money, business, and the like."

The many navigable rivers are the excuse for not having more railroads in Brazil. Roads from one city to another vary in excellence, those through the forest being merely trails. Between some places there are regular lines of automobile service. Considering the size of the country, however, only the faintest beginning has been made toward railway and highway building. I seldom advise investing money in any new railways; but as railways are gradually reorganized, they usually offer great opportunities for money making. I am especially enthusiastic over the railway possibilities of southern Brazil.

I was greatly impressed by southern Brazil. This I approached from the seaport of Santos, nearly a thousand miles north of Buenos Aires. Santos is the greatest coffee port of the continent. Formerly it had the reputation of being a nest of yellow fever; but the sanitation of the city has now been accomplished by means of a perfect system of drainage and a good water supply. The old part has narrow streets, hardly more than alleys, but away from the business section I found the wide streets and fine houses that I had learned to expect in these South American cities. Good pavements, electric cars and lights, telegraph and telephone service make it a well-equipped, modern city. The only thing I do not like about Santos is the heat.

From Santos I went ninety miles inland, up about

twenty-five hundred feet to the city of São Paulo on the high lands of southern Brazil. This is the great money-making center of Brazil to-day. It is the capital of the state of the same name, and is a fine progressive city. Here there are practically no black people, but there are many Italians from northern Italy. As in other up-to-date South American cities, great sums of money have been spent here on sanitation, until now it is one of the most healthful cities in the world as well as one of the handsomest. Its position and altitude would seem to make it unnecessary for it to be anything but healthful. It stands upon several hills, and has an alert air of prosperity and content. Its elevation gives it a delightful climate, rivaling that of Los Angeles or San Diego.

São Paulo is said to be in advance of all other cities of the continent in its educational advantages. Though Roman Catholicism is the religion of the State, there is an undenominational college called Mackenzie College, founded by a New York man of that name in 1889, who gave forty-two thousand dollars toward the erection of the building. It is co-educational, and is affiliated with the University of the State of New York. It is well patronized, having graded and normal departments, and a self-supporting manual training school. There are also high-grade institutions of a sanitary character — bacteriological, Pasteur, Serotherapic — and fine large hospitals for general and special diseases. Of course, São Paulo is up-to-date in all different lines. Still there are many money-making opportunities left for the man with capital. For instance, twelve per cent. interest can be obtained there from good first mortgage loans!

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BIRD'S-EYE VIEW AND HARBOR OF SANTOS, BRAZIL

Poets, artists, travelers alike rave over Rio de Janeiro and its harbor, comparing it to almost every known beauty spot in the world. Hence I was prepared for Rio. Truly it is beautiful; but it is too hot for me. It is the Washington of Brazil, and will always be an important city; it is now the largest Portuguese city in the world — but I would rather invest my money in São Paulo. The name "River of January" implies that the discoverer thought he had found the mouth of a river, but it is a bay and not a river. The wonderful harbor is so large that the pictures you see of it are always labeled "part of the harbor," etc. Though it is nearly a hundred miles in circumference, the large inner part of it is so cut off by points and islands that its size is not realized until one sails around it.

President Rodriguez Alves was the man who put into execution the plan for the regeneration of Rio de Janeiro from a dirty city of narrow streets, often a hotbed of yellow fever, which it was as recently as 1903, to the city we see to-day. The plan, approved in the fall of 1903, included "the construction of a great quay, furnished with storage warehouses, railways, and electric lights, with a parallel avenue one hundred and twenty-five feet wide and two miles long; the improving of a cross canal to the sea by making it a solidly walled stream, with an avenue on each side shaded with palms; the lifting of the railroad from street level to a viaduct sixteen feet above; increase of the water supply, renovation of the sewerage system with all modern improvements; the removal of several hills; the filling in of large sections, and the widening of a number of streets."

A new avenue was also formed in the heart of the

city, a mile and a quarter long and one hundred and twenty feet wide. In doing this last-named piece of work, workmen toiled night and day, three thousand of them, in three months demolishing six hundred buildings, thus opening a space two hundred and thirty feet wide, sixty-five feet each side for the new buildings, one hundred and twenty for the roadway, and twenty for each sidewalk. "Along the center of the avenue a row of Pão Brazil palms was planted in beds sixteen feet long, and fifty-five posts bear each three electric lights." These details are given simply to show what a stupendous undertaking was accomplished in three months; and all the while other work was going on in various parts of the city. It would seem as if the favorite "mañana" of the Spanish had no synonym in the language of Brazil, when it comes to rebuilding cities. All this improvement work was begun in 1904 and practically finished in 1907.

This Avenida do Rio Branco, as it is called, is claimed by Brazilians to be the most beautiful street in the world. It contrasts very interestingly with the fashionable shopping street, formerly named "Cuvidor," now "Moreira Cezar," which is hardly twenty feet wide, and so crowded that carriages and carts are not allowed, pedestrians using the whole street. In this connection, I cannot help suggesting what a great opportunity awaits many cities in the United States which will operate such extensive building campaigns. Any city could do this, and the expense would soon be made up in increased growth and wealth.

It takes a steamer about two days to reach Bahia from Rio de Janeiro. This is the "up-and-down-stairs" city of Brazil — the upper part, as you would ex-

pect, the residential, and the lower portion, the business section. Elevators convey people from one to the other level. Many of the houses have stood unchanged since the eighteenth century, so that the place has a somewhat quaint appearance. This is the great cocoa port of Brazil, furnishing about one fifth of the world's supply, and the State also produces almost everything else, from nuts to real diamonds. Even the sand is exported, some at least being worth one hundred dollars a ton, the kind called monazite, rich in thorium silicate, used for electric lights.

The population is about one hundred and fifty thousand, and most of the people are black, very black. These colored people, combined with the heat, made me long again for São Paulo and southern Brazil. Nevertheless, I found Bahia very much better than it is described by most travelers. Huge sums have been spent upon docks. The upper city streets are being widened; a beautiful drive is being made along the ocean front, and many other improvements are being instituted. Although I should not care to live in Bahia, yet I believe it will some day be a great city. Certainly it should not be passed by salesmen and others looking for South American trade.

It takes about another day to go from Bahia to Pernambuco, a city of about one hundred and fifty thousand. The latter city inspired a famous Brazilian poet to say: "Hail, beautiful land! O Pernambuco, Venice transported to America, floating on the seas!" The name is more properly "Recifé," from a substantial reef off shore forming a fine natural breakwater, to which the Dutch made some artificial addition, with a powerful light on the end. More prosaic travelers

state that it is built on marshy ground reclaimed from the sea. It has many lagoons and bridges, and is provided with all the modern improvements as to lighting and transportation, and its exports of cotton and sugar exceed those of any Brazilian city except Rio de Janeiro. At the present time, landing at Pernambuco is difficult; but when this is remedied, it should grow very rapidly. It is the only large South American city which has not yet had a real estate boom, and I am told that there are great opportunities there for making money.

Of Pernambuco one of the Brazilians told me:

"When you return to the United States, tell your friends to study Pernambuco. A glance at the map shows that this is the nearest port to England, Germany, France, or in fact any other part of Europe. Furthermore, it is only three or four days from the west coast of Africa. What, however, should interest your people most about Pernambuco is the fact that it is the first port which steamers from North America will naturally touch at on their route south, and the last port of all on their route north.

"Pernambuco is also the port for a very rich country. Even the province of Pernambuco is very rich of itself. Up to the present time, this city has been greatly handicapped by landing facilities. A bar extends outside upon which great breakers roll. Ships have to load and unload quite a distance from shore. For instance, to unload passengers, a boom and a derrick are needed. When I was there last, it was comparatively calm, but it was necessary for me to sit in a basket and be hoisted up in the air, and then lowered over the side of the ship into a small boat. Harbor im-

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BIRD'S-EYE VIEW OF BAHIA, BRAZIL, SHOWING THE BUSINESS SECTION AND THE HARBOR

provements are already under way, and it will not be long before Pernambuco will become well known and important."

Para stands for rubber, so that is what one always thinks of when the place is mentioned. The old name is Belem, but one may take his choice, as the full corporate name is Santa Maria de Nazareth de Belem do Grao Para! Within a few years it has become a large city of two hundred thousand inhabitants, having, as do most of these cities, the modern conveniences and utilities, but also possessing much interest on account of its wealth of relics associated with its romantic history. It is described as "charmingly clean and picturesque." A local proverb runs, "Who comes to Para is glad to stay; who drinks *assai* goes never away." Assai is a most refreshing beverage made from the fruit of the assai palm.

Of course it is hot and damp in Para, and therefore I would not want to live there. On the other hand, it is surely destined to become the New Orleans of Brazil. It is impossible for the human mind to conceive the wealth and money-making opportunities in the great Amazon basin for those willing to pay the price, and Para is likely to become the great gateway through which this wealth is taken. But living in such places has other difficulties besides the climate; one is the lack of social life. A friend in Para said:

"In this city of two hundred thousand inhabitants. there are at present only six citizens of the United States of America. As a result, we are lonesome and often homesick. On the other hand, do you know that we always have a sort of dread whenever we hear of any new 'Yankees' (as we all are called down here)

coming to Para. They almost always say something stupid which takes us weeks to live down. Let me give you an illustration. A recently arrived Yankee said: 'Yes, this is a fine country; all that is needed is for some of us Americans to come down and run it.'

"The South Americans also resent our manners. They accuse us of being indifferent and rude, and the free and easy airs of our women folk are utterly beyond them."

In conclusion, it is my belief that Brazil is by nature the richest country in the world. Some day it may almost feed the entire Western Hemisphere. Its climate is better than is generally supposed, and there is no physical reason why — with motors and agricultural machinery — man cannot live in almost any part of Brazil and be comfortable and happy. This day, however, is far distant in the future. In short, Brazil has a great future; but this future is a long distance away. Some day Brazil may be the most influential country in the Western Hemisphere, but it will never be so in our time. So far as we need seriously consider the future of Brazil, we can confine our efforts to Southern Brazil and certain few other temperate sections.

Through the courtesy of the President of Brazil, Doctor Wenceslao Braz, I was able to interview the government of Brazil, through Doctor Müller, who, the Brazilians claim, knows more about their country than any other person. Doctor Müller was the foreign minister, an official corresponding to our Secretary of State. He was one of the founders of the republic, the first governor of the State of Santa Catharina, and has since been a deputy and senator, besides holding other important positions.

In 1913 Doctor Müller came to the United States to return officially the visit which former Secretary of State Root had made to Brazil a few years before. While in the United States, Doctor Müller was the official guest of this nation as well as of most of the principal cities. One of the honors accorded to him was the honorary degree of Doctor of Laws, of Harvard, which was conferred by President Lowell in the following words:

"Lauro Severiano Müller, Brazilian Minister of Foreign Affairs, maker of harbors and railroads, beautifier of a beautiful city, statesman who has waged war against slavery and disease, a soldier who strives for peace and for that friendly spirit which, pervading the Americas, will promote the welfare of the western world."

Upon meeting our most unselfish Ambassador Morgan and myself in behalf of the government, Doctor Müller bluntly said:

"Well, I am glad to greet, here in the United States of Brazil, a man from the United States of North America." (I was much interested to hear him refer to the United States of North America. I suppose he rightly considers his own country as much a "U. S. A." as our country. I am afraid it handicaps us seriously in South America to refer to our country as if it were the exclusive United States of *America.* They want us to use the words "North America," or else to coin some new word such as *Usono,* or *Arca,* which would refer exclusively to our country, as the word Brazil refers only to theirs.) He then continued:

"It is usually necessary for me to go to London or Paris, in order to meet persons from Philadelphia, New

York, Chicago, and your other fine cities. Very, very few of your people come here. There are some fine fellows here from your country connected with the Rio de Janeiro Light and Power Company. There are a few connected with some of your big corporations, such as the Standard Oil, United States Steel, International Harvester, National Cash Register, Otis Elevator, and the like. The colony from your country is, however, very small. It should be much larger. With several thousands of fine men here from France, England, and Germany, it seems wrong to us that there should be only a handful from the great United States of North America."

(Readers must forgive me for being inconsistent in the use of the name of our people. The South Americans refer to us as North Americans, but the Canadians object to our assuming that name, for they are as much North Americans as are we. It is very awkward all round. To say "United States-ians" is very awkward. We certainly do need a real and distinctive name.)

Said I: "You state that more people from my country should come to Brazil. May I ask you to tell me what you have to offer my people? Perhaps they have a misconception about Brazil. Our writers refer to Argentina and Chile as the progressive and temperate countries of South America; but include Brazil among the tropical countries. I suppose this is largely due to the false teachings of the geographies which the children of our country study. These textbooks devote practically all their space to northern Brazil, and the pictures show only jungle, tigers, and black men. It is true that up to the present time the principal exports of

Brazil have been rubber and coffee, and your most famous river is the Amazon, which traverses a most tropical country. To judge Brazil, however, by the Amazon Valley, is as unfair as to judge my own country by the deserts of Arizona and New Mexico. Have you not the largest area available for the raising of cotton and the largest area of forest, including the most valuable of woods? Have you not fertile plains for the raising of cattle which some day will become great grain producers? In view of all that appears in the papers about Brazil's poverty, I believe that some facts as to Brazil's wealth should be published."

The face of this great statesman then lighted up and he replied:

"Ah, our greatest assets have been our greatest handicaps. A great asset, for instance, is our high table-land, three thousand feet above the sea, containing deep, rich soil, wonderfully watered by numerous rivers, and possessing the finest climate in the world. But unfortunately this high table-land has greatly retarded the development of Brazil. Until comparatively few years ago, it has been very difficult to reach. The railroads have run only along the coast, and did not, until recently, ascend this table-land. Hence this great plateau has been almost unknown, having been shut out from the world by the mountain ranges extending along the eastern coast.

"Another great asset of Brazil is our rivers. As you suggested, we have the greatest in the world. These are so large and numerous that the transportation system of Brazil has become a river system. Each river has its own steamers which ply back and forth, as do the railroads across your prairies. Brazil probably has

more steamers engaged in river traffic than any other country in the world.

"This mountain range a few miles back from the coast and these many navigable rivers have resulted in the settlements of Brazil being along the coast and on the banks of these streams. Of course, such locations are apt to be low, hot, and perhaps unhealthy. As these coast and river ports have been practically all that your people have seen of Brazil, they have obtained a very incorrect idea of it. As persons who have not been here take their opinions from those who have, this causes all you people to be prejudiced against my native land, believing it to be only a hot, low, and unhealthy country. Hence I say that our greatest assets have been our greatest handicaps."

In this connection, let me add that my personal experience in Brazil convinced me that the government's position is correct. When we landed in the harbor of Santos, the great coffee port, it was so hot and humid that I wanted to leave at once. It was very uncomfortable and depressing. I therefore took the first train to São Paulo (about ninety miles inland and twenty-five hundred feet high), on the eastern edge of the plateau to which Doctor Müller referred. Within half an hour after the train left, it became cooler, and when we arrived at São Paulo, it was just delightful. Although I have traveled extensively in both the Americas and Europe, I believe that the climate of southern Brazil is the finest I have ever seen. And yet there are over a thousand miles of this country, which covers an area equal to our entire great central west, tributary to Chicago. The country is rolling, about half being wooded and the rest prairie. It is very much of the

same character as were Indiana and Illinois fifty years ago; but with a finer climate and more rivers.

The maximum temperature of these high lands of southern Brazil is about 80°, and the minimum about 30°, with an average of nearly 60°. There is a rainy season beginning in October, which corresponds with our April, and then it rains nearly every day for an hour about 4 P. M. Once in a while there is a hard rain lasting a day or more; but most of the time the sun shines beautifully. There is almost always a cool breeze, and blankets are needed every night in the year. Experts tell me that the climate of southern Brazil, as well as the soil and scenery, is actually superior to that of California. Moreover, the water powers of Brazil are a story by themselves, for the country has the greatest amount of undeveloped water power of any country in the world.

From a study of the statistics of Brazil, it is evident that to-day the country is very dependent upon the price of coffee and rubber. Therefore I said to Doctor Müller:

"I think that our bankers will ask, 'Should not the products of Brazil be more diversified? Not only are coffee and rubber very fluctuating in price, but, to a certain extent, they are luxuries. No country which lives on luxuries has stable business conditions. Luxuries present, according to statistics, the greatest profit during times of prosperity, and suffer the severest losses during periods of depression. What is Brazil doing to remedy this? Are you spending money on scientific research in the development of the cotton and other industries?'"

Again Doctor Müller warmed up, as he said:

"Yes, we have heretofore perhaps 'had all our eggs in one basket,' or at least in two baskets, coffee and rubber; but, as you suggest, those days are over. The government of Brazil is now opening many agricultural schools, and is making great efforts to develop the raising of cotton, cacao, and cocoanuts in the north, and of beef, wool, and cereals in the southern table-lands. In twenty-five years Brazil will be the greatest exporter, not only of coffee and rubber, but also of cotton, woods, beef, and possibly cacao, palm oil, and other products.

"Already you will find greatly diversified agriculture in the southern States of Rio Grande do Sul and Santa Catharina. There you will see vineyards and fig trees, rice and potatoes growing within short distances of one another. Concerning Santa Catharina, of which I was the first governor, you may be interested to know that some time ago Emperor William of Germany sent experts to South America to report on the most attractive and productive portion of the entire continent. After an exhaustive study, the report was made that Blumenau (in the eastern part of my old State) is the center of the finest known agricultural and climatic conditions of the entire world. You may also be interested to know that as a result of this report, German colonists went there ten years ago, and purchased land for two *milreis* (about sixty-five cents of your money) per acre, which land to-day they can sell for twenty times that figure. Perhaps Germany sets your country a good example by such work. Would n't it do much to cement the relations between the United States of Brazil and the United States of the North if your country would send such a commission to study

South America, and report upon the relative prospects of the different countries?"

Let me add that there is much in this suggestion. At the present time, immigrants are led, or misled, by the beautiful booklets of the various steamship companies and the pretty folders of the railroads. As these lines are competitive and money-making corporations, they simply employ an advertising agency to prepare advertisements which will "get business." This often results in much misfortune, both to the poor immigrants and to the country to which they come. Even the governments are often parties to such misleading of people, either independently, through booklets and other advertising matter which they themselves issue, or collectively, through very useful organizations like the Pan-American Union, which are not allowed to unfavorably compare the different countries. Reports for immigrants and others should be issued by an international body which has in view the good of the world as a whole, and is not working for any one country.

Until such a day comes, readers who feel that they cannot afford the services of some private organization, may write our Department of Commerce at Washington when desiring information about South America.

I next asked the Foreign Minister relative to the government's position on the tariff question. All South America is cursed with high tariffs, which have both greatly retarded growth and have kept business in a state of confusion. We in North America know how business is upset by a discussion of the tariff question, but this applies here only to imports. Moreover, in this country all our States come under the

same tariff laws, and we have only two foreign neighbors — Canada and Mexico. In South America there are twelve countries all jumbled in together, all having import duties, and some having export duties as well. Brazil, moreover, not only has both import and export duties, but each of her twenty-one States has separate and independent export duties. Not only may the export tax on the same article be different for each of the different States, but there is an export duty on articles sent from one State to another. For instance, the export duty on potatoes is said to be so high that the farmers of one State cannot afford to ship them to an adjoining State, but will let the hogs eat them; while the people of the adjoining State will import potatoes from Europe. This not only handicaps industry, but greatly increases the cost of living for the people of Brazil. Moreover, manufacturers in our own country are also handicapped by these high tariffs. Hence I shaped my question as follows:

"When inquiring about conditions in Brazil, I have always been referred to your tariffs. For instance, if I speak to a European about doing business in Brazil, he replies that the greatest handicap to selling goods here is your tariffs. If I ask a banker as to credits in Brazil, he immediately begins to tell about your tariffs, which, he claims, upset credit conditions. Citizens of North America are especially interested in this question of Brazilian tariffs at the present time. May I ask if there is any hope for a scientific revision of your tariffs in the near future?"

In reply to this question, the Minister said:

"The government recognizes that this is a very important question. Under the direction of the Ministry

of Finance, careful study of the tariff is now being made. You must remember, however, that tariffs are very troublesome to all countries. It is very difficult to make changes — especially downward — owing to the concentrated opposition of a small number of manufacturers against a scattered and unorganized effort of the people as a whole. Moreover, tariffs provide a very easy way to raise revenue and employ a lot of men.

"You may, however, state that the government, the manufacturers, and the people are pretty well convinced that duties are now fully high enough, and that any further change must be downward. In other words, tariff conditions will be no worse, and the chances are fairly bright that a change for the better will be made. In the meantime, I urge the complainants in your country to study our tariffs, a schedule of which can readily be obtained from your government's Foreign Trade Department in Washington.

"In this connection, I will also add that my countrymen have perhaps overestimated the importance of manufacturing, or rather have underestimated the greater importance of agricultural and pastoral pursuits. Hence, the policy of my government to-day is to extend and encourage cattle raising, agriculture, and all similar undertakings. As suggested, the government is now realizing that the great future of Brazil is to come through agriculture. Brazil, with its fertile soil, humidity, sunshine, and great rivers, is destined to feed the world. Wise will your people be to recognize this. Do not let your competitors scare you about our tariffs. Remember there is neither an export nor import tax on money, and it is money that you all really want."

It is surely the policy of the different State governments to encourage agriculture more, and manufacturing less. Although it is often a nuisance to have State governments strong and independent with a weak federal government, such as exists in Brazil, yet this condition presents some advantages to the business men and others of South America. States which are so competitive and jealous of each other, will bid against one another by offering concessions and other inducements to capital. Thus you or I now going to Brazil can get land much cheaper, and other favors besides, which would be impossible were the States more closely federated under a strong central government.

I also learned that the government recognizes that its own credit is very bad at times, and that the permanent refunding of its indebtedness is most intimately related to a revision of its tariff. It also recognizes that the credit of its merchants is sometimes temporarily under a cloud. On the other hand, the government insists that it is a great mistake for foreigners to lump all Brazilian firms together as "good, bad, or indifferent." Both the stupendous size of Brazil and the different policies of the various States make it foolish for one to rate all Brazilian merchants alike. Moreover, our estimate of these merchants should be given all the more care and attention as the products of the different sections continue to vary. For instance, the coffee States, such as São Paulo, Minas Geraes, and Rio de Janeiro, as well as the rubber States, such as Amazonas, Para, etc., sometimes suffer greatly, owing to the decline in the prices of coffee and rubber, when business is good in some of these northern cities, owing

to the large cacao industry developing there, and increased prices for cacao.

Another interesting feature in connection with the Brazilian tariffs is the apparently honest attempt to place the heaviest duties on luxuries. This is a laudable principle to follow if duties are to be levied; but unfortunately no two people agree as to what are luxuries and what are necessities. Most of us think that soap, talcum powder, and similar toilet articles are necessities, but the Brazilian looks upon them as luxuries! Hence we are astounded to find a duty of perhaps a dollar levied on a cake of soap or a small can of talcum powder. I was also surprised to find that the duties on certain outing shirts, belts, etc., are levied on the weight per pound instead of on the value or the quantity. In connection with this brain-racking Brazilian tariff question, however, it should be said that manufacturers of the United States already receive a preferential on certain articles. Thus there is no valid excuse why we should not do much more business in Brazil than we now do, notwithstanding the tariffs, credits, and various other bugbears which English, French, and Germans continually hold up before us.

While traveling about the West Indies and South America, I have always made a point of collecting statistics on the price of land. One of the best investments procurable is land. In fact, I know of no better investment than well-selected land suitable for agriculture or homes. One must not pay too much, of course. Fundamental conditions should be studied with the same care, when investing in land, as when investing in stocks or bonds. If agricultural land is to be bought, one should select, not the cheapest on the market nor

the dearest, but that which will net the most wheat, corn, or other products, on the capital to be invested. If possible, farm land should be bought which will some day be wanted for building purposes.

Imagine my surprise when I was told that good lands could be bought in southern Brazil for thirty cents an acre. Of course, such lands are some distance from the railroad, and in virgin country; but I was assured that they have as rich soil as our best lands in Illinois or anywhere in the great Central West. As these prices for land in Brazil are very much lower than for similar land in other South American countries, I ventured to make these remarks to the Minister:

"Why is there so little immigration to Brazil when the price of land is so low? When in São Paulo last week, I was offered several large tracts of land, within seventy-five miles of the city and within five miles of the railroad, at prices ranging from two to four dollars an acre. This land, from superficial study, compares with land selling in Argentina for sixty dollars an acre. In fact, I was offered a large tract of land suitable for cattle in the western part of the State of São Paulo, some fifty miles from the railroad, at thirty cents an acre. If half of the good things I hear about Brazil are true, what is the reason for these very low prices for land, and the comparative unpopularity of Brazil with the great immigrating races? Is it due to the reported uncertainty of land titles? On account of the strong family ties of your race, have titles descended by word of mouth, and are they consequently not clear from the foreign point of view? Are the reported pests, insects, and various diseases, troubling both man and beast, another difficulty with which certain sections of your

country are handicapped? What steps are being taken to eradicate these?"

From the reply, I learned that the government recognizes that there are questions regarding the validity of land titles in certain sections, and that certain foreign speculators have suffered therefrom. I was, however, assured that "if your people from North America will come here and honestly attempt to develop our country instead of exploiting it, they will be protected. We are very anxious to have foreign capital invested here in Brazil, and especially in land. We are anxious to have colonists brought to this land. Persons who come here with an earnest desire to help us succeed will themselves succeed. We are in the same position that your country was when it was only twenty-six years old. Then some of your early settlers in the West had trouble with their titles; they suffered from drought, and sometimes had their crops destroyed by swarms of locusts, grasshoppers, etc. Brazil offers both the opportunities and the hardships which your States of Kansas and Nebraska offered fifty years ago — no more, no less."

Most writers insist that South America is no place for a man without capital. Generally speaking, such advice is correct. Don't pull up stakes and take your family to South America. If you are a family man with money, there is no need of doing it; if you have not money, you are better off in our United States than in the United States of any other continent. There are great opportunities in South America — wonderful opportunities in scores of different lines. I have in mind a dozen separate South American ventures in which I know a lot of money could be made. But they

all require capital, whether ranching, farming, manufacturing, or building. After many journeys in many countries, I am convinced that a family man *without capital* is better off in our United States of North America than anywhere else in the world.

Generally speaking, there is no middle class in South America. In your locality, five per cent. of the people are rich, and perhaps ten per cent. are poor; but eighty-five per cent. belong to the great middle class of which you and I are members. To a small extent such a middle class exists (and is continually increasing) in Argentina. But taking South America as a whole — Chile and Brazil in particular — no such middle class exists. If you cannot belong to the ten per cent. which includes the well-to-do and the government officials, then you will be grouped with the lower classes.

For instance, in New York City you may be a skilled carpenter, receiving from four to five dollars a day. If so, you belong to the great middle class. Your boy and girl have as good a chance socially as have any of the children of your locality, rich or poor. All the children of your town are judged by what they are and how they act. Were you, however, to go to South America without capital, you would not be classed as a skilled carpenter, and your children would be handicapped thereby. The South Americans don't know what skilled carpenters are! If you should go with capital, you could open an office as an architect or builder; otherwise you would be classed as an ordinary laborer, and paid about two dollars a day, which is the amount paid Italians for swinging an ax. In other words, a bright carpenter *with capital* could go to South America and make more money than he could make

in the United States, because, having capital, he would at once be classed as an architect or builder. The same man, however, *without capital*, would get less in South America, because, not having capital, he would be classed as a common day laborer.

When it comes to ranching and agriculture, it is much the same story. It is not necessary to have a great big ranch or farm. Because the farms of South America are very large, the idea has got about that these are the only kind that pay. I am convinced that this idea is an error. A small farm should pay as well in Argentina, Chile, or Brazil, as in Ohio, Indiana, or Illinois. The difference comes from the fact that a man with a small farm usually has no capital. Hence in Brazil he would be treated as a "Dago," while in Ohio he would be classed with you and me — so long as he paid his bills and behaved himself.

There is only one possible locality in South America which I would except in giving such advice. This is the beautiful and temperate area of southern Brazil. There is no doubt that in this section lands can be purchased for five dollars an acre which are as good as any land in Illinois selling at two hundred dollars an acre, and with a much better climate. The difference is in the surroundings and living conditions. The man who had been used to Illinois' roads, schools, and protection would be very much disappointed when he reached the frontier of South America. If you buy five-dollar land in South America, you will find the same pioneer conditions there to-day as existed in Illinois when that land sold for five dollars an acre. It is a gun country in South America. A man there to-day must have the same courage, perseverance, and industry as had the

pioneers who settled our great Central West fifty years ago. If you are a young, single man, with good character, courage, and a love for wild life, get some one at home to stake you and go to southern Brazil. If you are made of the right stuff, and know your business, you can there make a lot of money both for yourself and your silent partner at home. If, however, you are a family man, or if you love to have things fairly easy and don't like to struggle, then stay at home where you now are. Whether you buy land, stocks, or anything else, it is impossible to get more than one hundred cents for one dollar, all things considered. Security, big profits, and ease can't be found together. One of these three factors must be sacrificed. Our pioneering ancestors forsook the easy paths, and obtained security and big profits, but you and I give up the profits for security and ease.

Finally, I wanted to secure some suggestions from the government relative to more business between our own country and Brazil. Therefore I asked, in closing: "Has your government any special suggestions as to what my people can do, other than to cease using the name 'America,' further to develop business relations between us?"

At once Doctor Müller replied: "First and foremost, your banking friends should organize a Bank of North America, in which all your largest banks should be interested. This should be a large, independent institution with headquarters in Rio de Janeiro, and branches in São Paulo, Santos, Bahia, Pernambuco, and several other large cities. Remember that we have in Brazil eleven cities of fifty thousand people or more. All the other foreign nations have distinct and separate banks

of their own, and your country must do likewise. Just at present, banking conditions here may be inadequate and antiquated, but this should give a new Bank of North America all the better opportunity. Certainly you can never expect to get good credit reports from English, German, and other competitive banks." (The opening of small branches in South America by banks already existing in New York, Chicago, and elsewhere cannot be so successful.)

"At the present time, freight and cable rates are very high between Brazil and your country. As our Brazilian Government runs its own steamship line between here and New York, we are not so badly off for transportation to your cities as are the other South American countries. However, this line is being run at a loss, and there is room for great improvement in shipping conditions. We Brazilians gladly welcome all efforts made for more and better ships under the so-called 'American' flag. There is great and immediate need for cheaper cable service. At present, there is no direct cable between Brazil and your country. Consequently, rates are high, and the service seems to be very unsatisfactory to most of your countrymen.

"We also need more labor here in Brazil. Foreigners claim that our labor is very inefficient. If so, you North Americans must send down men and machinery as well as ships and money." (As soon as the titles to their lands are straightened out, immigration to Brazil should rapidly increase. Moreover, as the patriarchal system of government and ownership of land still existing in the interior is gradually broken up, there should be great immigration into the interior.)

"But there is another thing which you people could

do that would serve as a wonderful means of bringing us together. It is sort of a pet project of mine. I referred to it when in your country in 1913. It is that some of the business men representing the alumni of Harvard, Yale, Princeton, and your other universities, club together and start a real 'American' college in Rio de Janeiro. Here is a great opportunity. Some of your churches are doing it in a small way. Mackenzie College at São Paulo is making good progress. We need a real big affair here in Rio de Janeiro with professors from your country teaching the English language and the North American ways to our boys."

CHAPTER XVIII

Mistakes in Our Latin-American Trade Relations

With a better knowledge of South America, and a realization of the opportunities existing in that comparatively undeveloped continent, has come a great desire on the part of our business men for further trade relations. Up to the present time, we have played little part in South America, and we never will play more if we continue making the mistakes which have characterized our policies hitherto. What these mistakes have been I shall let the people of South America tell for themselves in this chapter.

First, however, I want to emphasize the fact that the development of such trade relations means much to every one in the United States and not only to those who actually come into contact with foreign relations. It is needless for me to explain that ultimately wages are subject to the law of supply and demand. Whatever labor unions may temporarily accomplish in raising wages will be largely offset by increased prices, unless manufacturing and distributing costs can be reduced. Such results can be accomplished either through greater efficiency or increased sales.

We should all, therefore, work to have our manufacturers sell more goods. Increased orders in any line help labor in other lines, and thus aid the general pros-

perity. If we can gain and retain the trade of South America, the United States will witness the greatest period of prosperity in its history, accompanied by higher wages and other things for which we have all been working. Every reader of this book has a personal interest, therefore, in helping the manufacturers of this country to come into closer relations with South America. Hence it is up to all of us to help our Administration at Washington, the Pan-American Union, and all agencies and individuals endeavoring to bring this about. Our ambassadors, ministers, and all others connected with the diplomatic and consular service deserve our special appreciation, and their work Congress should recognize by paying greater salaries.

In discussing our trade relations with South America, it must be said at the outset that we have failed to get either our due share of the trade of the country or to realize and avail ourselves of the opportunities for investment in this rich and prosperous land. Unlike the other great merchandising and investing countries, we in the United States have made no serious attempt to study the problems of these countries, and when we have tried to get their trade, we have made countless mistakes through our ignorance.

How our manufacturers have failed in comparison with the manufacturers of other countries is well illustrated by the following statement of one of my South American friends:

"I have just read an article in a New York magazine telling of the great pioneer work which has been done in South America by the Standard Oil Company, the Singer Sewing Machine Company, the United Shoe Machinery Company, and others. The article states

that these concerns have quietly been doing business here for years and deserve great credit; that 'instead of criticising North American manufacturers for stupidly neglecting South American trade, we should praise them for their great industry and perseverance.'

"Let me call your attention to the fact that all such concerns from the United States have monopolies in their lines. This monopoly may come through the control of transportation or of patents, or of some other exclusive feature; but it is monopoly, nevertheless. Such concerns are not depending on their energy and efficiency to get business, but on some artificial support. In fact, I know of no product in which your people have built up a trade in South America in fair and equal competition with merchants of other nations."

Time and time again our export merchants are accused of stupidity, and I make this emphatic throughout this book, for I feel that this point cannot be brought home too strongly to our merchants and manufacturers.

As a typical illustration of this point, I quote a merchant of Brazil:

"As your people in the United States buy so much of our coffee, they would have a wonderful opportunity to secure trade in return, if they were not so stupid. Take the question of samples, for instance. About six weeks ago, I sent to a New England manufacturer for a sample of his sheepskins. Imagine my surprise to receive a bill for them. If he had asked me to return them, that would have been all right, although very unusual. But to be sent a bill was too much. I'm surprised he did not send them with draft attached!

"The Germans have not only given us all the samples we want, but they buy our goods and take samples back to Germany to show the German manufacturers what we like to buy and use. Custom officers have even told me that the samples which the Germans took home even exceeded the samples that they bring to us. In fact, they do not need to use samples at all, for they can point to our goods and say: 'We will deliver these here in your store, freight, duties, etc., fully paid, for so many dollars per gross.' Your salesmen are too stupid to figure that way. They will give us a price for New York delivery and leave us to figure freight, duties, cartage, insurance, exchange, etc. The result is that we never take the trouble to figure all this out, but buy the goods from Germany instead."

Perhaps my friend was not quite fair to the salesman from the United States. The trouble lies with his house. They want the trade, but if a salesman should send in an order otherwise than f.o.b., New York, it would be turned down. The average manufacturer has n't the enterprise to make such calculations. It is too foreign to his experience. He wants to do export trade on the same conditions as he would with a distant State, and cannot or will not understand the necessity for doing otherwise.

Then, too, the United States manufacturer is too independent in his attitude along other lines, as is well illustrated by the experience of a merchant in Buenos Aires. He told me:

"We made arrangements in 1903 or 1904 to buy goods of a New York concern which represented several large factories manufacturing machinery, hardware, and similar lines. At first we gave them only two or

three trial orders, but we liked the goods so much that we gave up purchasing from Europe with the idea of making all purchases from your country. We just had your line well introduced when we suddenly received word that 'owing to the increased home demand we will be unable to fill more orders for at least six months.' When business was dull, they came here to sell their surplus; but as soon as the demand in the States revived, we were cut off! As our foreign European connection had been broken, it was very awkward for us to pick it up again, especially at a time when they likewise were very busy. No, never again will I be caught that way. I much prefer to deal with the English, Belgian, and German firms who are always dependent upon export business, and who are anxious to retain it continously. I never again will depend upon concerns in the United States who come here only when business is dull to sell us their surplus."

That the ideas of the people of the countries differ from ours, I have emphasized several times. This must be understood by the man or the firm striving for South American trade, as is well shown by the statement of a merchant in Rio de Janeiro:

"You wonder why it is that we Latin-Americans shun new ideas and products, when you people of the north seem to seek something just because it is new. Perhaps we are wrong, and you are right. The fact, however, exists that it is very difficult to introduce anything new here. Men coming from more up-to-date countries are continuously asking why we do this or don't do the other, and suggesting that some one could make a lot of money by introducing here the more modern method. Let me tell you that nearly every

such idea has been tried, but has failed to make money. Milkmen in Brazil drive the cows about town and milk them at each customer's door, because their customers demand such service. The people want to be sure that the milk is fresh, and they are willing to pay more to have it delivered in this way, which appears quaint and out of date to you."

Another merchant in Rio de Janeiro told me: "The greatest opportunity for South American trade is for manufacturers of specialties that have a large margin of profit. All such who have come here intelligently for our trade have made money. The unfortunate ones are those who sell staple products with a small margin of profit. Unless such manufacturers can give terms so as to be able to ask higher prices, or else use South America only for a dumping ground for surplus goods, they doubtless could make more money with the same capital and risk in United States trade. This, of course, applies only to present profits. Because the manufacturer of staple products might be unable to make a profit on South American business at present, he may be laying the foundation for a larger business later. The ones to lay the foundations now will be the first to reap the profits. Some of your people object to our market because we demand a different style of goods from what they now make. What of it if we do?"

Many of our merchants have had troubles with the officials of the various governments, and the charges of graft have been freely made. One of my South American correspondents says of this:

"North Americans make a stupid mistake by letting our government officials blackmail them. It is true

that our countries are full of graft, but this rotten condition of affairs is due to the foreigners who have paid this graft. Our government officials are young and weak. The English, Germans, French, and others desiring concessions of various kinds have tempted and ruined them. We natives never give graft unless compelled to do so when competing with foreigners.

"Tell your countrymen that they have a great opportunity to redeem themselves and us also by refusing to pay graft of any kind to our officials and our press. None of us natives like it. Every one suffers from it. If you North Americans will unite in refusing to be a party to it, we natives will rally to your support. Dishonesty is rampant throughout South America, but it can be checked only by honest example. If your people will set us such an honest example, it will give your country great influence down here."

I have written repeatedly of the necessity of forming a Bank of North America. A banker in Rio de Janeiro gives the following illuminating sidelight on the present situation:

"We are constantly amused to read the speeches made by New York and Chicago bankers pleading for more coöperation between banks in North and South America. These remarks show great ignorance on the part of United States bankers.

"Before there can be any such interchange as you suggest, there must first be established coöperation among the banks of South America. Even the banks of Brazil will not trust one another. The banks of Rio de Janeiro will not accept one another's checks, even for deposit, until they are first certified. This is why no clearing-house exists in Rio. I am an officer of one

of the most progressive banks in the city, but if some one should pay you with a check drawn on any other bank, and you should send that check here for deposit, I would first want it certified. This is another reason why the 'U. S. A.' bankers should get together and create a great Bank of North America with branches all over Latin America."

But in considering the opportunities offered by this great southern continent, we must remember that the problem of selling is not the only one of importance. This was expressed frankly by one of the business men whom I met, and I quote him as follows:

"The great opportunities in South America to-day are opportunities to buy. Not only can much money be made by exporting known products, such as rubber, cocoa, dyewoods, mandioca, and *yerba maté*, but there must be many unknown products of great wealth to be found. Great opportunities await the chemists, mineralogists, and botanists who will study our forests. There are probably many other products here as valuable as rubber — but to-day they are unknown.

"Although the jungle is hard to penetrate, yet it is not so hot in all parts of the country as it has been described. Remember that in certain cities of the tropics, people with furs may be seen on one side of the streets, and on the other side people with bare feet. It is always cool in the breeze and shade. As machinery and the gasoline motor are applied to the cultivation of cotton, cocoa, etc., the money-making opportunities of raising products here for export will be unlimited. Don't look only for opportunities to sell, but consider also opportunities to produce and buy."

The idea that one must go "around" South America

in order to make a real trip is certainly a mistake. From a business point of view, such a trip wastes much valuable time, and from a pleasure point of view, one goes through much unnecessary discomfort in attempting to encircle the continent. If you wish to visit South America on business, take the best steamer procurable, with an upper, outside stateroom on the ocean side, and go directly to Rio de Janeiro, Montevideo, and Buenos Aires. At present don't worry about the West Coast for business. With the exception of Lima and Antofagasta, there is little on the west side but Valparaiso and Santiago de Chile. These latter two places are near together, and can be reached easily overland from Buenos Aires. Moreover, Lima, Antofagasta, and the other growing West Coast towns can now be best handled through large commission houses. But with regard to commission houses, let me repeat the warning of one of my Valparaiso friends, who said:

"Tell your people that they should either have their own representatives in South America or else establish reliable and friendly commission houses *operated by citizens of the United States.* Not only are nearly all the commission houses here in the hands of Germans and other foreigners, but your own exporters in New York are mostly Germans."

The East Coast is active and rich. Argentina is worth a visit of itself; Uruguay is also wealthy, though small; and Brazil is fast coming to the front. Although Brazil is poor to-day, she has vast possessions, and some very good cities. For business, I advise you to spend most of your time at first in the territory lying between Bahia Blanca and Rio de Janeiro. The business opportunities are to be found in the temperate zone;

don't now bother with the tropics. When going to South America for business, don't go between November and April, as this is the summer time, when the Brazilians and Argentines go away. During January and February it is almost impossible to see the important South American people on business.

If you wish to visit South America for pleasure, take an express steamer from New York to Colon, pass across the Isthmus by train, and take the best Pacific steamer to Mollendo, Peru. These boats stop at Callao (Lima) and other ports. At Mollendo, the steamer may be left and a trip made to Arequipa, Cuzco, and La Paz, returning to the coast at either Arica or Antofagasta, Chile. In this way, the traveler may gain a good idea of the life and habits of the different nationalities. He may visit the highest city in the world (La Paz), the oldest city in the Western Hemisphere (Cuzco), and see the ruins of the Inca civilization, which compare both in antiquity and originality with the Pyramids and temples of Egypt.

I have said that business men should not visit the East Coast in their summer or our winter. The trip is hot and disagreeable at that time. When visiting the West Coast, however, the opposite rule should be followed. The weather on the West Coast during our summer is always cloudy, cold, and often very foggy. During January, February, and March, the weather is beautiful. From Cuba to Panama, the sail is hot, but from Panama to Mollendo and Antofagasta, it is perfect. There is hardly a cloud in the sky, the moon and stars shine wonderfully bright at night, and a cool breeze blows all the time.

I venture to forecast that the great winter trip, some

years hence, will be by express steamers via Panama down the West Coast direct to Cuzco and La Paz. With two weeks ashore in this wonderful country, the round trip could be made in six weeks. This would give a splendid sea trip in temperate, sunny waters, with two weeks away from the world in the Egypt of the Western Hemisphere, the last spot of real antiquity that has not been spoiled by the tourist. Personally, I am very fond of Peru, and believe that a great opportunity exists for switching North American travelers from Europe and Egypt to Peru and Bolivia. Those of us who love Peru should at once unite in such a campaign. This travel to the West Coast would not only be much appreciated by our people, but would result in securing for Peru, Chile, and the other countries, the capital they now so much need.

CHAPTER XIX

South American Investments

We have heard a great deal about the opportunities for selling goods in South America, but little about the chances for profitable investment of money in that territory. Yet the two should go together, if we are to hold the trade which we are now securing and will secure in the future. We hear something about the need of buying raw materials from South America, but nothing about the necessity of buying bonds which the people of the Argentine, Chile, and Brazil must soon issue. However, I believe from my study of statistics that there may now be a greater opportunity for profit to us in the investment of money than in the securing of trade. Certainly the great opportunities in South America to-day are in the sale of goods for which bonds can be taken in exchange, and such business gives the sellers a double profit with little competition.

Up to the present time, the English, French, and Germans have financed South America. Not only have the business interests of these European countries taken bonds in payment for materials, but the investors of these same countries are better acquainted with the cities of Buenos Aires, Rio de Janeiro, Santiago, São Paulo, Rosario, and Mendoza than with the cities of New York, Chicago, Philadelphia, and Boston. When in London and Paris, I have been astonished at the public offerings of bonds of South American cities and

corporations of which I had never heard but with which the small investors of England and France appeared to be familiar. This suggests an obvious and fundamental difficulty with which we must contend when endeavoring to secure Latin-American trade.

On the other hand, Europe, for some time to come, cannot finance these countries as exclusively as in the past. This not only inflicts a great hardship upon Argentina, Brazil, Chile, and the other countries, but also offers us a great opportunity. Certainly only in financing these countries can we hope to retain their trade. Hence the great importance of our taking South American securities, if possible.

There is as much difference in South American government bonds as in United States corporation bonds. We have formed the unfortunate habit of considering all government and municipal bonds good. Therefore when we hear of some of them that are not, our faith is greatly shattered; yet we do not lose faith in all railway or public utility bonds because some default. We must first learn to treat the bonds of South American countries and cities in the same way that we treat our own corporation bonds. Because a bond is a "municipal" we must not think it is necessarily good. Because a municipal bond in Argentine, Chile, or Brazil goes wrong, we must not become prejudiced against all the municipal bonds of all South American cities.

The government bonds of Argentina are said to be absolutely safe; the government bonds of Brazil, on the contrary, are seriously questioned; while the government bonds of other countries are ranked from safe to questionable in about the following order: Uruguay, Peru, Venezuela, Bolivia, Paraguay, and Colombia.

I have been rather surprised to find that Latin-American municipal bonds as a class are not in very good repute among the well-to-do people of South America. For some reason or other, people there have not much confidence in this variety of bond. Municipal bonds of Latin America are usually not to be recommended, except in cases where sufficient arrangements have been provided in advance to insure the prompt payment of interest. The municipal bonds of cities like Buenos Aires, São Paulo, and Valparaiso are probably safe for principal and interest; but a prompt payment of interest on even the best Latin-American municipals must not always be expected. Hence dealers in such bonds should continually watch over their issues and be sure that the cities reserve the money with which to pay the interest and installments of principal when due.

There is another class of bonds common in South America which are known as "State bonds." In some countries, like Brazil, certain of the States are stronger financially than the federal government. For instance, the State of São Paulo — of which the city of São Paulo is the capital — has very good credit. The native people seem to prefer these State bonds to the municipal bonds. One objection, however, is that the State often guarantees the bonds of one or more of its important cities, so that the liabilities of cities and States are often considerably mixed up. This in some cases also applies to federal affairs. Certain of the City of Santiago, Chile, six per cent. bonds which are guaranteed by the federal government are a good example. The fact that these can be purchased, "guaranty and all," for such a low price, shows how this particular issue stands in the eyes of most investors.

The great speculative feature connected with these South American securities is the fact that, with very few exceptions, they are payable in paper money. The few exceptions are certain issues sold in England for gold and also payable in gold at a certain fixed rate. The regular government, State, and municipal bonds are payable in paper and purchasable by paper. For instance, a few years ago a one thousand peso, City of Santiago, six per cent. bond sold at about par. The peso was then worth twenty-two cents; hence such a bond would have cost $220 in gold. Two years later, the same bond not only had fallen to eighty in price, but pesos could be bought for fourteen cents in gold. Thus the purchase price of the bond became only $112. Therefore, when buying such bonds, the buyer must figure both on the financial strength of the government and on the prospective value of the currency. It is a fact, however, that a sudden depreciation in the currency tends to hold up the market price of the bonds, although this gives only partial relief to the owners.

Considering how greatly the currency of Chile, Brazil, and other countries has depreciated in value during the past twenty years, those who now have bonds which they purchased years ago must have suffered great losses. Even though their bonds may sell at the same quoted price as when they purchased them, yet the paper money which they receive as interest is worth perhaps only half as much as formerly. This also applies to the one thousand pesos which they will receive when the bonds become due. Of course the profits are likewise great when the peso is appreciating, but currency depreciation at present seems to be much more common than currency appreciation.

Another peculiar feature of South American bonds is that all of the issues of a given government, State, or municipality are not given equal security. The government, State, and municipal bonds in the United States, for instance, are usually plain debentures unsecured by any special taxes. If our federal government, for example, should default upon one issue, it would default upon all; but this is not necessarily the case with South American securities. Two federal issues of Brazil may pay the same interest and be due at the same date, but still may sell at entirely different prices. The reason is that the higher-priced issues are secured by special import duties. Even in the case of certain municipalities, this distinction in securities is in evidence. Some municipal bond issues, in addition to being obligations of the entire city, are secured by some special taxes such as income taxes from professional men, liquor stores, or lottery tickets. As a rule, such specially secured bonds are worth the extra price.

My South American friends advise me that usually the best purchase of any of their securities are the "cedulas," considering safety, rate of income, and prospective profit. Interest rates in general are very high throughout Latin America. In 1915 good mortgages could be secured by local investors in Buenos Aires, Santiago, and Rio de Janeiro to net about twelve per cent. Most South Americans with money take such mortgages in preference to government, State, or municipal bonds. Very few stocks are dealt in by South Americans. Their speculative desires have an outlet in betting on the races or in buying lottery tickets. These cedulas have been invented for the small investors who cannot take entire mortgages. They are

much like the Credit Foncier bonds which are issued in France and other countries. A mortgage bank which sells bonds is formed under government direction. It loans the money received from the sale of such bonds, in small amounts on mortgage at about sixty per cent. of the property value. The borrower pays a certain amount each year, which automatically pays both interest and principal. The bank uses a portion of the interest money to pay the interest on its bonds, or cedulas, and the balance for expenses, reserve, etc. The small principal payments are lumped together, and the total is used for retiring a portion of the cedulas, those to be retired being selected by drawings. These cedulas are eagerly sought by investors who have not enough money to take entire mortgages. Moreover, as they are accepted by the mortgage company as cash in payment for principal, they are constantly being bought for this purpose, and are sold in all South American countries.

Bolivian cedulas have sold at about fifty, but those of the northern countries are also very low in price. Only those of Argentina and Chile deserve first consideration. The Argentine cedulas pay six per cent. interest, and now sell at about eighty-five, thus yielding about eight per cent. The Chilean cedulas also pay six per cent. or more, and sell for even less. The payment of the interest and the principal of these should be fairly safe, as such cedulas are well secured by good property, and the banks are usually well managed.

I have been especially well pleased with what I have learned of the Argentine cedulas. Their chief unfavorable feature is that they are payable — both as to principal and interest — in paper money. But so far,

Argentine currency has not depreciated — practically the only exception among the many which have. In spite of the objections named above, I believe that we are justified in considering seriously these cedulas and other South American investments at the present time. As a matter of fact, I believe that often the investment opportunities of Latin America perhaps exceed the trade opportunities, although in the long run they must go hand in hand.

Outside of the securities above mentioned, and the opportunities for loaning money on mortgages, I have been especially impressed with the possible real estate speculations. Similar conditions exist in parts of South America to buy land at very low prices, as existed in our Central West fifty years ago. We know that land in Minnesota, Iowa, Kansas, and Nebraska, which now sells at one hundred dollars an acre, could be purchased fifty years ago for five dollars an acre or even less.

The farmers of our country have not made their money by farming, but rather through the unearned increment. We hear much about the wealth of farmers, but statistics show that there are more mortgages in Iowa to-day, or in almost any other State, than ever before. The difference is that forty years ago the Iowa farmer valued his land at fifteen dollars an acre and had it mortgaged for twelve and a half dollars; while now he values it at one hundred dollars an acre and has it mortgaged for perhaps twenty-five dollars per acre. Forty years ago he considered himself poor, and to-day he considers himself rich, but were he obliged to keep books, his direct farming operations would probably show a loss.

There is no doubt that history will repeat itself in

South America, especially in Argentina, southern Brazil, Uruguay, and Paraguay. Here lands fully as good as any land in the United States can be purchased from thirty cents to six dollars per acre, according to the distance from a navigable river or a railroad. Of course, a man needs to be located on the spot to take advantage of such an investment, and he must be willing to suffer the same hardships as the pioneers of our western country suffered when they first crossed the Mississippi. But the opportunity to make great fortunes exists for any one willing to go down there and live and become a factor in the community.

A man with money would probably want to buy productive land. He could purchase a large tract and would not feel it necessary to suffer the hardships of a pioneer. Then in the majority of cases the interests and taxes on unproductive land exceed the natural increase in value. Hence a man with money should go to southern Cordova in Argentina, or some of the territory about there, and purchase a producing ranch. Several of these ranches of many thousands of acres are now for sale at about twenty dollars an acre, and some of them have several thousands of acres in alfalfa. Such land will pay interest and taxes from the first, and at the same time gradually increase in value.

There has been little suburban development as yet in South America, and splendid opportunities exist to lay out suburbs beyond growing cities and to build residences for sale. In some cities there are wonderful opportunities for buying inside city property which is now rented for stores and offices. Were I to buy such property, I would go into the very heart of the city. At present, there are but few buildings over three or

four stories high in South America, but the time is soon coming when in the center of these cities high office buildings will be constructed. This will make the land intensely valuable. Therefore I believe that the greatest profit is either in the most expensive office-building property in the heart of the city, or else in the most expensive residential section.

Buyers of city real estate should always purchase on the most expensive residential street and on the end of this street which is nearest to the business section. Statistics show that the best of the business section gradually creeps up the best residential street. In nine cases out of ten, the new and growing best business section of every city to-day is creeping up the avenue which was the best residential section twenty-five years ago. Hence all over the world the best opportunities in real estate investment exist near the junction of the best business and the best residential section, where the land is too valuable for residential purposes and not yet valuable enough for business purposes.

Of the opportunities in city real estate in South America I am convinced, and to illustrate further this problem, I quote an interview with a business man in Brazil. He said:

"You North Americans are foolish in waiting until cities are rebuilt down here before buying property. The greatest opportunities exist in Latin America to-day for making money in real estate. Some of our cities like Buenos Aires, São Paulo, and Rio de Janeiro are already rebuilt. Land which sold in Rio for one hundred dollars per front foot only in 1905, now sells for one thousand dollars per front foot. Other cities,

like Bahia, are now in the process of rebuilding. Here land has risen considerably, but not nearly as much as it will.

"The great opportunities to-day for buying real estate are in cities like Para and others which I might mention. These cities are destined to grow and will surely become important. Land, however, can now be purchased very cheaply in such cities. Land and buildings in the center of these cities, which are sure to increase in value, can be purchased to net from twelve to fifteen per cent. I have made it a principle to buy only productive real estate, but to buy in places which have not yet constructed sewer systems nor freed themselves of mosquitoes. As all of our cities are sure to do this some day, the great money-making opportunities are where it has not yet been done.

"Yet you North Americans will buy property only in cities which have been cleaned up and beautified. Then you are obliged always to pay high prices and get stuck to boot."

There is one thing, however, which we United States citizens must do before we can succeed like the English in either investing or trading. We must get the respect of these people for our government. We must have them learn that United States citizens and property must be protected, and that our citizens must have the same justice as Englishmen enjoy. If we are unwilling to secure such respect by the exhibition of force, then we should work for some international cooperative method which will accomplish the same end. The poor land-titles in South America could be readily overcome if the different nations would coöperate in the matter. One thing which has impressed me most

in South America has been the lack of respect which the masses have for us and our government. We are looked upon as a weak, bluffing nation — afraid to fight, and unwilling even to spend money to secure justice for our citizens and our property. When this condition is changed, South American investments can more heartily be recommended.

The attitude of South Americans toward us and our government is well illustrated by the following conversation with one of my friends in Brazil:

"The greatest handicap investors and manufacturers of the United States have here in South America is the fact that our people have no confidence in your government at Washington. I am not criticizing your President, for I think he has done much to bring about a more friendly feeling between the Americas. What queers you among our people is their idea that you 'Americans' are great bluffers. You talk big, and fight with your mouth and pen, but never go any farther. Your government sends 'notes' to other governments, but you never dare to send a battleship.

"Our people are like children. If you continually threaten a child and argue with him, but go no farther, you will soon lose the respect of that child. This is the way that you have lost the respect of the Latin-American countries. This is why you cannot invest money here or extend credits. Our people are afraid to cheat an Englishman or a German, but they have no such fear with you 'Americans.' They know that your government will not back you up to secure justice. Either see that your government adopts the big-stick policy used by the English, or else have it work for the organization of some sort of an inter-nation which shall

supervise and protect persons of other nations, their ships, and their investments when outside the domains of their fatherland."

I close these rambling chapters on the future of South America with this last suggestion, as it is worthy of the most careful consideration. When we realize that conflicts between nations to-day are largely due to the results of foreign-trade complications, we wonder if permanent peace can ever come until such competition for foreign markets is placed under joint control and on equal terms for all great nations. This would necessitate the use of an inter-nation trade flag and a certain international organization for shipping, banking, and some of the other features of foreign trade. Such a plan, however, would not call for any political union of the nations, nor bring about other complications which are evident in most international plans. Furthermore, such a move would be toward the elimination of the causes of war and not an attempt to enforce peace without the removal of the underlying causes. Certainly statistics suggest that world peace is coming ultimately through economic channels rather than through judicial and arbitral, as most people think will be the case.

But one closing word on the Future of South America. The great need of all Latin America is for a strong and industrious middle class. Place five million farmers in these countries, and the future of them all is assured. But until there is a stronger middle class, the governments will continue weak, the banks will remain poor, the lands undeveloped, the minerals untouched, the water powers unharnessed, and the future of South America will differ little from the past.

STATISTICS

CUBA

Area	45,883 Sq. Miles
Approximate population	2,300,000

Buys from		Sells to	
United States	$53,000,000	United States	$143,000,000
United Kingdom	15,000,000	United Kingdom	11,290,000
Spain	9,000,000	Germany	5,600,000
Germany	8,000,000	France	2,400,000
France	6,000,000	Other countries	7,710,000
Other countries	19,000,000		
Total	$110,000,000	Total	$170,000,000

Consisting of		Consisting of	
Cereals	$16,000,000	Sugar	$120,000,000
Cotton goods	12,000,000	Tobacco	35,000,000
Meat products	12,000,000	Fruits	5,000,000
Machinery	11,000,000	Woods and minerals	6,500,000
Iron and steel	6,800,000	Other exports	3,500,000
Garden products	5,500,000		
Leather goods	5,500,000		
Other imports	41,200,000		
Total	$110,000,000	Total	$170,000,000

Approximate exports	$170,000,000
Approximate imports	110,000,000
From the United States	53,000,000

PANAMA

Area . . . . . 32,800 Sq. Miles
Approximate population 419,029

Buys from		Sells to	
United States . .	$4,650,000	United States . .	$2,800,000
United Kingdom .	2,080,000		
Germany	820,000		
France	220,000		
Other countries. .	2,230,000		
Total	$10,000,000	Total	$2,800,000

Consisting of		Consisting of	
Vegetable products	$2,500,000	Balata	$2,800,000
Animal products .	1,500,000	Bananas . . .	
Textiles and manufactures	1,500,000	Cocoa	
Mineral products .	960,000	Cocoanuts . . .	
Chemicals and drugs	410,000	Copper	
Liquors	390,000	Panama hats .	
Machinery . . .	190,000	Other exports .	
Other imports . .	2,550,000	(Panama exports to other countries are unimportant.)	
Total	$10,000,000		

Approximate exports $3,000,000
Approximate imports 10,000,000
From United States 4,650,000

VENEZUELA

Area . . . . . 393,976 Sq. Miles
Approximate population 2,685,606

Buys from		Sells to	
United States . .	$6,800,000	United States . .	$10,000,000
Great Britain . .	4,200,000	France	6,800,000
Germany	3,000,000	Germany	3,900,000
France	2,600,000	Great Britain . .	2,000,000
Netherlands . . .	1,600,000	Other countries. .	2,300,000
Other countries. .	1,800,000		
Total	$20,000,000	Total	$25,000,000
Consisting of		**Consisting of**	
Cotton goods . .	$5,000,000	Coffee	$15,000,000
Machinery . . .	2,000,000	Rubber	2,000,000
Flour	1,000,000	Cacao	2,000,000
Rice	600,000	Hides	1,500,000
Drugs and medicines	600,000	Other exports . .	4,500,000
Butter	400,000		
Lard	400,000		
Paper (printing and other) . . .	200,000		
Other imports . .	9,800,000		
Total	$20,000,000	Total	$25,000,000

Approximate exports $25,000,000
Approximate imports 20,000,000
From the United States 6,800,000

COLOMBIA

Area	438,436 Sq. Miles
Approximate population	5,032,00

Buys from		Sells to	
United States	$8,000,000	United States	$16,000,000
Great Britain	8,000,000	Great Britain	4,000,000
Germany	4,000,000	Germany	2,000,000
France	2,000,000	France	1,000,000
Other countries	6,000,000	Other countries	11,000,000
Total	$28,000,000	Total	$34,000,000

Consisting of		Consisting of	
Textiles	$10,000,000	Coffee	$17,000,000
Foodstuffs	3,000,000	Coal	7,000,000
Metals	3,000,000	Hides	3,000,000
Machinery	2,000,000	Bananas	2,000,000
Drugs and medicines	1,000,000	Panama hats	1,000,000
Other imports	9,000,000	Other exports	4,000,000
Total	$28,000,000	Total	$34,000,000

Approximate exports	$34,000,000
Approximate imports	28,000,000
From United States	8,000,000

ECUADOR

Area	116,000 Sq. Miles
Approximate population	1,500,000

Buys from		Sells to	
United States	$3,000,000	United States	$4,000,000
Great Britain	3,000,000	France	4,000,000
Germany	2,000,000	Great Britain	2,000,000
France	1,000,000	Germany	1,500,000
Other countries	1,000,000	Other countries	1,500,000
Total	$10,000,000	Total	$13,000,000

Consisting of		Consisting of	
Textiles	$4,000,000	Cocoa beans	$9,000,000
Foodstuffs	2,000,000	Rubber	900,000
Other imports	4,000,000	Coffee	700,000
		Ivory nuts	1,000,000
		Panama hats	1,400,000
Total	$10,000,000	Total	$13,000,000

Approximate exports	$13,000,000
Approximate imports	10,000,000
From United States	3,000,000

PERU

Area	679,600 Sq. Miles
Approximate population	4,500,000

Buys from		Sells to	
Great Britain	$7,000,000	Great Britain	$12,000,000
United States	6,000,000	United States	10,000,000
Germany	5,000,000	Germany	3,000,000
France	2,000,000	France	2,000,000
Other countries	5,000,000	Other countries	10,000,000
Total	$25,000,000	Total	$37,000,000

Consisting of		Consisting of	
Metals and manufactures	$5,000,000	Copper and minerals	$10,000,000
Cottons	4,000,000	Sugar	7,000,000
Foodstuffs	3,000,000	Cotton	5,000,000
Dry goods	2,000,000	Hats	2,000,000
Woolens	2,000,000	Wool	2,000,000
Silks and linens	1,000,000	Guano	1,000,000
Other imports	8,000,000	Other exports	10,000,000
Total	$25,000,000	Total	$37,000,000

Approximate exports	$37,000,000
Approximate imports	25,000,000
From United States	6,000,000

BOLIVIA

Area	708,195 Sq. Miles
Approximate population	2,200,000

Buys from		Sells to	
Great Britain	$4,900,000	Great Britain	$26,000,000
Germany	4,000,000	Germany	4,000,000
United States	3,900,000	France	2,000,000
South America	6,700,000	United States	150,000
Other countries	3,500,000	Other countries	4,350,000
Total	$23,000,000	Total	$36,500,000
Consisting of		**Consisting of**	
Manufactures	$9,000,000	Tin	$16,000,000
Food	3,000,000	Rubber	4,000,000
Other imports	11,000,000	Foodstuffs	3,750,000
		Other exports	12,750,000
Total	$23,000,000	Total	$36,500,000

Approximate exports	$36,500,000
Approximate imports	23,000,000
From United States	3,900,000

CHILE

Area . . . . . 291,500 Sq. Miles
Approximate population 3,500,000

Buys from		Sells to	
Great Britain . .	$39,000,000	Great Britain . .	$55,000,000
Germany	33,000,000	Germany	28,000,000
United States . .	17,000,000	United States . .	25,000,000
Other countries .	31,000,000	Other countries .	32,000,000
Total	$120,000,000	Total	$140,000,000

Consisting of		Consisting of	
Cotton goods . .	$14,000,000	Soda nitrate . .	$100,000,000
Iron and steel . .	13,000,000	Copper and other minerals . . .	23,000,000
Coal	18,000,000	Animal products.	7,000,000
Machinery . . .	16,000,000	Vegetable products	7,000,000
Woolen goods .	8,000,000	Other exports . .	3,000,000
Other imports . .	51,000,000		
Total	$120,000,000	Total	$140,000,000

Approximate exports $140,000,000
Approximate imports 120,000,000
From United States 17,000,000

ARGENTINA*

Area . . . . . 1,139,979 Sq. Miles
Approximate population 7,000,000

Buys from		Sells to	
Great Britain . .	$115,000,000	Great Britain . .	$117,000,000
Germany	62,000,000	Germany	52,000,000
United States . .	57,000,000	France	35,000,000
France	36,000,000	United States . .	31,000,000
Other countries .	138,700,000	Other countries .	234,000,000
Total	$408,700,000	Total	$469,000,000
Consisting of		**Consisting of**	
Iron and steel . .	$40,000,000	Wheat	$94,000,000
Cotton goods . .	35,000,000	Wool	56,000,000
Coal	25,000,000	Hides and skins .	40,000,000
Railway material	15,000,000	Frozen beef . .	35,000,000
Automobiles . .	5,000,000	Flax	33,000,000
Other imports .	288,700,000	Corn	21,000,000
		Other exports . .	190,000,000
Total	$408,700,000	Total	$469,000,000

Approximate exports $469,000,000
Approximate imports 408,700,000
From the United States 57,000,000

* For complete details of what Argentine buys see the final pages of this book.

PARAGUAY

Area . . . . . 171,815 Sq. Miles
Approximate population 800,000

Buys from		Sells to	
Germany	$1,500,000	Argentina	$3,400,000
Great Britain . .	1,300,000	Germany	1,000,000
United States . .	300,000	Other countries. .	1,150,000
Other countries. .	4,400,000		
Total	$7,500,000	Total	$5,550,000
Consisting of		**Consisting of**	
Textiles	$1,500,000	Fruits	$1,200,000
Food	1,000,000	Hides	1,000,000
Hardware	900,000	Woods	800,000
Other imports . .	4,100,000	Other exports . .	2,550,000
Total	$7,500,000	Total	$5,550,000

Approximate exports $5,550,000
Approximate imports 7,500,000
From the United States 300,000

URUGUAY

Area	72,210 Sq. Miles
Approximate population	1,100,000

Buys from		Sells to	
Great Britain	$13,000,000	France	$9,000,000
Germany	8,000,000	Germany	8,000,000
United States	6,000,000	Great Britain	7,000,000
Other countries	23,000,000	Argentina	5,000,000
		United States	3,000,000
		Brazil	3,000,000
		Other countries	30,000,000
Total	$50,000,000	Total	$65,000,000

Consisting of		Consisting of	
Food products	$8,000,000	Wool	$27,000,000
Textiles	8,000,000	Hides	9,000,000
Iron and steel	4,500,000	Meats	10,000,000
Lumber	3,000,000	Farm products	2,000,000
Coal and oils	4,000,000	Fats	2,000,000
Drinks	2,000,000	Animals	1,000,000
Chemicals	1,000,000	Other exports	14,000,000
Other imports	19,500,000		
Total	$50,000,000	Total	$65,000,000

Approximate exports	$65,000,000
Approximate imports	50,000,000
From the United States	6,000,000

BRAZIL

Area . . . . . 3,218,130 Sq. Miles
Approximate population 20,000,000

Buys from		Sells to	
Great Britain . .	$76,000,000	United States . .	$142,000,000
Germany	53,000,000	Germany	52,000,000
United States . .	48,000,000	Great Britain . .	43,000,000
France	28,000,000	France	35,000,000
Other countries .	121,000,000	Austria-Hungary	18,000,000
		Argentina . . .	13,500,000
		Other countries .	59,000,000
Total	$326,000,000	Total	$362,500,000

Consisting of		Consisting of	
Iron and steel . .	$57,000,000	Coffee	$226,000,000
Flour and wheat .	26,000,000	Rubber.	76,000,000
Cotton goods . .	25,000,000	Hides and skins .	13,000,000
Cars and carriages	15,000,000	Yerba maté . .	10,000,000
Electrical machinery	6,000,000	Cacao	7,000,000
Leather goods .	5,000,000	Tobacco	7,000,000
Other imports .	192,000,000	Other exports . .	23,500,000
Total	$326,000,000	Total	$362,500,000

Approximate exports $362,500,000
Approximate imports 326,000,000
From the United States 48,000,000

THE ARGENTINE

FINANCIAL AND ECONOMIC GROWTH, 1904–1913

	1913	1904	Per cent Increase
Population	7,704,396	5,190,725	48
National debt	$525,493,137	$416,020,801	26
National currency in U. S. gold equivalent	349,448,817	173,047,569	101
Gold in conversion fund	253,906,836	53,591,186	373
National revenues	148,266,329	80,142,185	85
National expenditures [1]	171,246,935	82,753,041	106
Import duties	84,540,316	38,874,436	117
Per cent import duties to national revenues	48.2	46.9	
Per cent import duties to value of imports	20.8	21.5	
Value of exports	$466,436,836	$254,832,764	83
Value of imports	406,484,585	180,694,068	124
Value of total foreign commerce	872,921,421	435,626,832	100
Exports to United States	22,086,622	9,854,399	124
Imports from United States	59,843,093	23,909,948	153
Total foreign commerce with United States	81,929,715	33,464,347	144
Agricultural exports	290,632,365	145,021,931	100
Per cent of total	62.2	56.8	
Exports of animal industry	$159,947,388	$101,645,252	57
Per cent of total	34.3	39.9	
Railroads:			
Mileage	20,660	12,000	72
Capitalization	$1,310,882,563	$587,520,972	123
Gross earnings	135,832,416	60,159,418	125

[1] Includes expenditures for public works.

DETAILED STATEMENT OF ARGENTINA'S IMPORTS FOR AN AVERAGE YEAR

		$ gold
1	Coal	28,323,946
	United Kingdom	98.3%
	Other countries	1.7
2	Colored wove prints	12,875,730
	United Kingdom	40.0%
	Italy	38.5
	Germany	8.9
	Belgium	7.3
	France	2.6
	Spain	2.0
	Other countries	0.7
3	Sack cloth	12,154,046
	British Possessions	52.3%
	United Kingdom	43.0
	Other countries	4.7
4	Naphtha, impure	11,931,840
	United States	85.6%
	Mexico	11.1
	Other countries	3.3
5	Pitch pine	9,128,164
	United States	98.9%
	Other countries	1.1
6	Portland cement	7,936,071
	Belgium	52.2%
	United Kingdom	15.0
	France	13.2
	Other countries	19.6
7	Woolen cloths	7,092,134
	United Kingdom	63.2%
	Germany	15.9
	France	12.8
	Italy	4.1
	Belgium	2.7
	Other countries	1.3

	$ gold
8 Galvanized iron	6,683,860
United Kingdom	84.4%
Germany	6.5
United States	4.7
Belgium	2.7
Other countries	1.7
9 Pig and sheet iron	6,378,999
Germany	47.4%
Belgium	34.4
United Kingdom	9.7
United States	7.1
Other countries	1.4
10 Steel rails	6,263,680
United Kingdom	31.8%
Germany	29.6
United States	26.1
Other countries	12.5
11 Machinery (various kinds)	6,210,438
Germany	46.4%
United Kingdom	21.8
United States	13.5
Other Countries	18.3
12 Automobiles	5,232,604
France	36.8%
United States	19.3
Germany	16.3
Italy	9.5
Other countries	18.1
13 Yerba maté	5,215,289
Brazil	100.0%
14 Railway material	5,041,415
United Kingdom	72.1%
Other countries	27.9
15 Railway wagons	5,038,666
United Kingdom	47.8%
United States	14.1
Germany	13.8
Other countries	24.3

	$ gold
16 Wire and cables for electric purposes	4,945,631
Germany	46.6%
United Kingdom	40.9
Other countries	12.5
17 Bleached cotton goods	4,841,056
United Kingdom	78.3%
Italy	12.7
Germany	3.0
Belgium	2.2
France	2.1
Other countries	1.7
18 Olive oil	4,304,094
Italy	62.0%
Spain	31.3
Other countries	6.7
19 Wrought iron	4,234,929
United Kingdom	58.0%
Germany	21.4
Belgium	12.6
Other countries	8.0
20 Iron columns and beams	4,161,520
Germany	54.1%
France	22.0
Other countries	23.9
21 Cotton prints	4,119,377
United Kingdom	67.5%
Italy	13.1
Germany	10.5
Other countries	8.9
22 Sugar, refined	57,981,385
Austria-Hungary	57.6%
Germany	31.3
France	10.4
Other countries	0.7
23 Woolen and mixed goods	549,973
United Kingdom	67.9%
Germany	16.0
Italy	8.5
France	4.1
Other countries	3.5

	$ gold
24 Parcel post	3,612,669
United Kingdom	31.9%
France	27.2
Germany	20.1
Italy	17.6
Other countries	3.2
25 Ordinary wine (in casks)	3,520,546
Spain	42.4%
Italy	37.0
France	20.0
Other countries	0.6
26 Locomotives	3,486,324
United Kingdom	75.6%
Other countries	24.4
27 Cleaned rice	3,431,570
Italy	50.0%
Holland	25.3
British Possessions	11.0
Spain	7.3
Germany	4.8
Other countries	1.6
28 Vermouth (in bottles)	3,363,600
Italy	74.3%
France	25.5
Other countries	0.2
29 Spruce	2,964,094
United States	50.6%
Canada	30.9
Other countries	18.5
30 Silk cloths	2,852,401
France	56.8%
Germany	12.8
Italy	11.8
United Kingdom	11.7
Other countries	6.9
31 Furniture	2,764,924
United States	25.1%
Austria-Hungary	21.7
United Kingdom	15.3
France	14.8
Germany	14.0
Other countries	9.1

	$ gold
32 Spare parts of machinery	2,734,468
United States	29.1%
Germany	25.5
United Kingdom	21.7
Belgium	10.9
Other countries	12.8
33 Spare parts of carriages and automobiles	2,654,635
France	31.7%
Germany	30.7
United Kingdom	20.6
Other countries	17.0
34 Lubricating oils	2,554,625
United States	56.8%
United Kingdom	24.5
Russia	11.2
Other countries	7.5
35 Material for sanitary purposes	2,292,357
United Kingdom	86.5%
Other countries	13.5
36 Tobacco (other than Havana)	2,194,590
Brazil	73.3%
United States	23.5
Other countries	3.2
37 Galvanized wire	2,125,538
Germany	61.7%
United States	23.3
United Kingdom	11.0
Other countries	4.0
38 Sheep supplies	2,114,656
United Kingdom	92.7%
United States	5.0
Other countries	2.3
39 Petroleum	2,046,900
United States	99.9%
Other countries	0.1
40 Galvanized iron pipes	2,024,902
United Kingdom	62.0%
Germany	22.9
United States	12.0
Other countries	3.1

	$ gold
41 Cheese	2,018,016
Italy	74.5%
Switzerland	8.3
Holland	7.6
France	7.0
Other countries	2.6
42 Patent medicines	1,994,524
France	56.1%
Italy	14.3
United States	11.4
Germany	7.3
United Kingdom	5.5
Other countries	5.4
43 Cotton socks	1,972,078
Germany	80.0%
France	14.0
Other countries	6.0
44 Jewelry (fine)	1,934,502
Germany	44.4%
France	33.6
Other countries	22.0
45 Reapers	1,907,142
Australia	46.9%
United States	34.7
Canada	16.5
Other countries	1.9
46 Sheet glass	1,887,113
Belgium	54.3%
United Kingdom	29.1
Other countries	16.6
47 Paper for newspapers	1,844,962
United States	35.9%
Germany	34.4
Norway	14.5
Sweden	13.6
Other countries	1.6
48 Watches (other than gold)	1,821,701
Switzerland	41.8%
Germany	27.7
Italy	1.7
Other countries	28.8

	$ gold
49 Coffee	1,774,255
Brazil	98.0%
Other countries	2.0
50 Cotton and silk goods	1,682,660
France	36.4%
United Kingdom	34.0
Germany	15.6
Italy	9.2
Other countries	4.8
51 Spun cotton, unbleached	1,671,248
Italy	43.0%
United Kingdom	19.1
Holland	14.0
Belgium	12.5
Other countries	11.4
52 Sisal twine	1,668,611
United States	92.2%
Other countries	7.8
53 Iron pipes (other than galvanized)	1,597,608
United Kingdom	59.9%
Germany	26.6
United States	8.2
Other countries	5.3
54 Sugar, unrefined	1,529,367
Germany	99.9%
Other countries	.1
55 Cotton lace	1,498,213
United Kingdom	37.5%
Germany	35.1
Switzerland	9.8
France	8.4
Italy	7.2
Other countries	2.0
56 Household utensils	1,477,148
Germany	57.9%
France	12.3
United Kingdom	8.9
Sweden	5.6
United States	4.1
Austria-Hungary	4.0
Other countries	7.2

	$ gold
57 Railway cars	1,454,376
United Kingdom	89.7%
Other countries	10.3
58 Threshing machines	1,427,100
United States	63.1%
United Kingdom	33.4
Other countries	3.5
59 Iron and steel manufactures	1,413,010
United Kingdom	38.0%
Germany	27.2
United States	14.1
France	12.1
Other countries	8.6
60 White pine	1,406,879
United States	75.2%
Canada	16.5
Other countries	8.3
61 Wheels and axles	1,389,581
United Kingdom	73.1%
United States	17.5
Other countries	9.4
62 Steel sleepers	1,382,210
United Kingdom	43.7%
Germany	29.3
United States	20.0
Other countries	7.0
63 Cotton goods	1,337,436
Germany	46.5%
France	29.3
United Kingdom	13.1
Other countries	11.1
64 Bolts and nuts	1,331,724
United Kingdom	36.5%
United States	24.3
Belgium	16.0
Germany	14.4
Other countries	8.8
65 Sand (for building purposes)	1,313,904
Uruguay	99.8%
Other countries	0.2

	$ gold
66 Cotton and woolen goods	1,313,904
United Kingdom	42.0%
Germany	26.8
Belgium	11.8
France	9.5
Italy	8.1
Other countries	1.8
67 Ploughs	1,296,922
United States	91.8%
Other countries	8.2
68 Pianos	1,293,020
Germany	79.9%
France	5.6
United States	4.8
United Kingdom	4.2
Other countries	5.5
69 Bags of sack cloth	1,287,194
United Kingdom	72.8%
British Possessions	16.6
Italy	6.0
Other countries	4.6
70 Perfumery	1,283,783
France	76.6%
United Kingdom	10.3
Germany	6.5
Other countries	6.6
71 Woolen goods	1,258,790
Germany	43.7%
France	28.8
United Kingdom	20.0
Other countries	7.5
72 Paper for printed matter	1,256,255
Germany	82.9%
United Kingdom	6.0
Austria-Hungary	3.2
Italy	2.0
Other countries	5.9
73 Sardines	1,246,154
Spain	64.2%
Norway	21.0
Other countries	14.8

	$ gold
74 Wax candles	1,239,453
Belgium	30.8%
United Kingdom	27.6
Holland	21.6
Germany	7.6
Italy	7.6
Other countries	4.8
75 Malt	1,231,832
Austria-Hungary	91.3%
Germany	8.4
Other countries	0.3
76 Sewing machines	1,227,126
United States	59.2%
Germany	20.0
United Kingdom	19.2
Other countries	1.6
77 Tin plate	1,218,248
United Kingdom	90.2%
Other countries	9.8
78 Cigars (other than Havana)	1,215,266
Italy	70.6%
Switzerland	16.9
Holland	8.6
Other countries	3.9
79 Printed books	1,212,209
Spain	40.6%
Italy	26.6
France	13.2
United Kingdom	8.8
Germany	5.8
Other countries	5.
80 Cotton oil	1,183,076
United States	99.0%
Other countries	1.0
81 Tartaric acid	1,147,353
Germany	37.8%
Italy	36.1
United Kingdom	10.9
France	10.2
Other countries	5.0

	$ gold
82 Tea	1,128,846
China	37.7%
British Possessions	31.4
United Kingdom	28.7
Other countries	2.2
83 Dynamos and electric motors	1,127,491
Germany	45.1%
United Kingdom	41.4
Other countries	13.5
84 Copper manufactures	1,118,170
Germany	35.9%
United Kingdom	30.3
France	13.2
Other countries	20.6
85 Unbleached cotton goods	1,102,564
United Kingdom	73.5%
Italy	21.9
Other countries	4.6
86 Tramway material	1,091,550
Germany	56.1%
United Kingdom	23.3
Belgium	14.9
Other countries	5.7
87 Boilers	1,087,556
United Kingdom	86.7%
Germany	7.6
Belgium	1.8
Other countries	3.9
88 Colored cotton yarn	1,043,997
Holland	34.7%
Italy	31.6
Belgium	17.5
Germany	8.6
Other countries	7.6
89 Earthenware tiles	1,028,435
United Kingdom	44.4%
Germany	19.6
Belgium	13.2
Other countries	22.8

	$ gold
90 Glassware	1,018,210
Germany	41.5%
Belgium	23.5
France	22.7
Other countries	12.3
91 Printed pamphlets	1,017,155
United Kingdom	56.9%
Germany	16.9
Other countries	26.2
92 Linen cloth	1,001,915
United Kingdom	51.1%
Belgium	21.2
Germany	11.22
France	12.66
Other countries	3.82
93 Colored cotton goods	1,000,043
United Kingdom	42.3%
Spain	15.6
Germany	14.3
France	12.9
Italy	8.4
Other countries	6.5
Total $ gold	289,658,391
Other articles under $1,000,000 in value	131,694,151
Grand total $ gold	$421,352,542

SOUTH AMERICA
For "The Future of South America"
by Roger W. Babson
Scale of Statute Miles.
0 50 100 200 300 400 500 600 700
Kilometers.
Capitals of Countries:
Railroads:
Comparative Area.
PENNSYLVANIA
45,215 Square Miles.
THE ISTHMUS OF PANAMA.
SCALE OF MILES
KILOMETERS
GALAPAGOS IS. (To Ecuador)
Scale 1:30,000,000
Longitude West from Greenwich
Longitude West from Greenwich
VENEZUELA
COLOMBIA
ECUADOR
PERU
BOLIVIA
BRAZIL
PARAGUAY
URUGUAY
ARGENTINA
CHILE
PATAGONIA
BRITISH GUIANA
DUTCH (Surinam)
FRENCH
Falkland Islands (British)
Caribbean Sea
Pacific Ocean
Atlantic Ocean
EQUATOR
TROPIC OF CAPRICORN
Rio de Janeiro
Asuncion
Montevideo
Buenos Aires
Valparaiso
Santiago
Lima
Quito
Bogota
Caracas
Georgetown
Paramaribo
Cayenne
Port of Spain
Panama
Colon
Pedro Miguel Locks
Miraflores, 2 Locks
Culebra
Gatun Locks
Gatun Lake
Chagres R.
Panama R.
Pacific Ocean
Tabogilla
Taboga
Chorrera
Pto. Bello
Pto. Vaca de Monte
Colon (Aspinwall)
Atlantic Ocean
Mt. Hope
Mindi
Obispo
Agua Dulce
Las Cruces
Gamboa
Bas Obispo
Culebra
Pedro Miguel
Miraflores
Balboa
Panama
Ancon
Balboa Harbor
Naval Station
Fort Amador
Taboguilla I.
Falkland Islands (British)
Port Louis
Port Stanley
Darwin Harbor
East Falkland
West Falkland
Bahia Grande
Gulfo de San Jorge
Gulfo de San Matias
Golfo Nuevo
Bahia Blanca
Rio de la Plata
Rio Grande do Sul
Porto Alegre
Pernambuco
Bahia
Natal
Ceara
Maranhao
Para
Belem
Manaos
Iquitos
Arica
Callao
Valparaiso
Santiago
Montevideo
Buenos Aires
Asuncion
Corrientes
Rosario
Santa Fe
Cordoba
Tucuman
Mendoza
Bahia Blanca
Rio de la Plata
Rio Grande do Sul
Porto Alegre
Pernambuco
Bahia
Natal
Ceara
Maranhao
Para
Belem
Manaos
Iquitos
Arica
Callao
Lima
Quito
Bogota
Caracas
Georgetown
Paramaribo
Cayenne
Port of Spain
Panama
Colon
Pedro Miguel Locks
Miraflores, 2 Locks
Culebra
Gatun Locks
Gatun Lake
Chagres R.
Panama R.
Pacific Ocean
Tabogilla
Taboga
Chorrera
Pto. Bello
Pto. Vaca de Monte
Colon (Aspinwall)
Atlantic Ocean
Mt. Hope
Mindi
Obispo
Agua Dulce
Las Cruces
Gamboa
Bas Obispo
Culebra
Pedro Miguel
Miraflores
Balboa
Panama
Ancon
Balboa Harbor
Naval Station
Fort Amador
Taboguilla I.
Falkland Islands (British)
Port Louis
Port Stanley
Darwin Harbor
East Falkland
West Falkland
Bahia Grande
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Gulfo de San Matias
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